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ROLE OF NICARAGUA IN DRUG TRAFFICKING

HEARING

BEFORE THE

SUBCOMMITTEE ON CHILDREN,
FAMILY, DRUGS AND ALCOHOLISM

OF THE

COMMITTEE ON
LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

NINETY-NINTH CONGRESS

FIRST SESSION

ON

EXAMINATION OF THE PARTICIPATION BY CERTAIN NICARAGUAN OFFICIALS IN ILLEGAL INTERNATIONAL DRUG SMUGGLING OPERATIONS

APRIL 19, 1985

Printed for the use of the Committee on Labor and Human Resources

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ROLE OF NICARAGUA IN DRUG TRAFFICKING

FRIDAY, APRIL 19, 1985

U.S. SENATE,
SUBCOMMITTEE ON CHILDREN,
FAMILY, DRUGS AND ALCOHOLISM,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, DC.

The subcommittee met, pursuant to call, at 10:25 a.m. in room 430 of the Dirksen Senate Office Building, Senator Paula Hawkins (chairman of the subcommittee) presiding.

Present: Senators Hawkins, Grassley, Dodd, and Pell.

OPENING STATEMENT OF SENATOR HAWKINS

Senator HAWKINS. The hearing will begin.

Today the Subcommittee on Children, Family, Drugs and Alcoholism opens chapter 2 of "The Morality of Death." As many of you remember, in August of 1984, I chaired a hearing of this subcommittee. That day we learned about the phenomenon that has come to be called narco-terrorism, the fusion of illegal drug sales and the exportation of insurgency, a vicious two-headed monster, spreading death and disorder around the world.

In August we learned for sure that the newest player in this deadly game is Nicaragua.

Antonio Farach testified here. Farach is a brave man. He was the No. 2 man at the Sandinista embassies in Honduras and Venezuela. He was the first Nicaraguan to tell this Senator of the morality of death. That is a plot hatched between Raul Castro, the defense minister of Cuba, and Umberto Ortega, the defense minister of Nicaragua, both the brothers of their nations' dictators.

The plot, if you remember, is to run drugs, primarily cocaine, from South America through Nicaragua. Their goal is twofold: first, raise the hard cash they need for the revolution; second, destroy American youth, cripple American society, by flooding our country with drugs.

Today is chapter 2. Antonio Farach could only tell us so much from his post as a Sandinista diplomat. His story was questioned by Doubting Thomases. Some skeptics criticized him for passing on second-hand information.

Today we will hear the real inside story. Today we will hear firsthand. We will talk to the people who were directly involved—the people who planned this operation and the people who carried it out. Today we will hear from men who were intimately involved in Nicaragua's first venture into the cocaine smuggling business, the most devilish; and deadly business of all.

The United States should strike out at any nation which allows the drug merchants to flourish. Nations who participate in drug trafficking are outlaws in the world community. They cripple, kill, and destroy families for the sake of profit. As responsible citizens, we must stop them—and we are trying.

Now we consider the Nicaraguans. They are in this dirty business for more than mere profit. It is not enough for them to maim a generation of American children, for they use the blood money from their drug sales to create mayhem throughout the western hemisphere. This cannot be allowed to continue.

The American people must come to realize that this is happening, and the American citizens' realization that this is really happening will be a first step toward the solution.

The partygoer in Georgetown "doing up" a "line of coke," the Wall Street broker "copping a snort" in the men's room on lunch break, the junior high school kid at recess—they must realize that they are tools in a geopolitical movement designed to perpetuate totalitarianism in Nicaragua and to spread Marxist insurgency throughout Latin America. These are not just declarations and this is not just scare talk.

Up until now the Nicaraguans have dismissed all we have revealed. "Tonterias," they said, which means "nonsense," and that is what we have heard it called—All that drug nonsense.

The truth is here with us today, in this room. I do not feel there will be any doubters after this hearing. The morality of death plot is a stark ominous reality. It is upon us, and neither we nor the Nicaraguans can escape this truth.

Senator Dodd, would you like to make a statement at this time, and then Senator Grassley.

Senator DODD. Thank you, Madame Chairman, for allowing me to make an opening statement here this morning.

Certainly there can be no doubt in anyone's mind that the international narcotics trafficking is one of the most serious issues to face this country and the world, and deserves the utmost attention of this Congress, not only this year but for the foreseeable future, unfortunately.

And the fact that some drug traffickers are tied to government officials abroad is a fact which cannot be ignored. In this respect, I am sure that the witnesses this morning will supply is with some valuable information about the role being played by certain Nicaraguan officials to smuggle drugs into this country.

And certainly we all recognize that any nation that is engaged in drug trafficking is a legitimate subject of inquiry by this committee and by this Congress.

But, Madame Chairman, I must tell you here this morning that I think we mislead the American people and we mislead our colleagues in Congress if we suggest that the problem of drug trafficking is the exclusive domain, or the near-exclusive domain, of countries like Nicaragua. I don't believe we can have a hearing on a country-by-country basis and expect to make any significant inroads in either educating the American public or offering any intelligent legislation to deal with this problem.

Let us for a second just examine the problem of international narcotics trafficking from a proper geographical perspective. If we

are speaking of trafficking involving Latin American nations, which seems to me is an entirely legitimate subject for a hearing, we have got to recognize that today 75 percent of all cocaine smuggled into the United States is refined in Colombia, a very good ally of ours, a democratic government—and government officials are involved. It is estimated that Colombian drug traffickers run a $2 billion business every year. Likewise the export of Bolivian cocoa leaves to be refined into cocaine earned some $2 billion a year, more than three times the amount of money earned by any of Bolivia's legal exports.

As for jumping-off areas for drug smuggling, you must remember that one-third of all the cocaine smuggled into this country comes through our closest neighbor, Mexico. A recent article by Newsweek, I believe, on February 25, contrary to the map we see here, indicates that drugs are being exported from Ecuador, Peru, Colombia, and then being transmitted with drop-off points in the Bahamas and Mexico into the United States.

Now, there has been an allegation, and some substantiation, that some 300 pounds of cocaine were interdicted in Nicaragua, involving Nicaraguan officials. If that is the case, that is certainly an issue that should be explored thoroughly and examined and the issue raised and action taken to try and stop that behavior from occurring in that country.

But we do this subject a disservice if we suggest to the American people that this matter is one of geopolitical problems. Right-wing governments, left-wing governments, are all involved in this matter.

A recent allegation involving the right-wing party of Mr. D'Aubuisson in El Salvador indicated that the single largest interdiction of money, some $6 million in Texas, was drug money going down to finance Mr. D'Aubuisson's campaign just recently in El Salvador.

That is something that ought to be explored as well.

So my hope is that we will not allow this subject, which is the most serious—and I agree with the Chairman on this matter—the most serious problem that must be addressed.

If we allow this to become a political football between Moscow-Havana and the United States, then I think our ability to deal with it intelligently is going to be seriously compromised.

And so I am delighted we are looking at this problem today, this particular country. But to focus all of our attention on Nicaragua and to neglect where the bulk of the problem is coming from in this hemisphere I think is a fundamental error and a mistake.

Madame Chairman, I would hope that if we are going to proceed this way, we will have a hearing on Ecuador, we will have a hearing on Peru, we will have a hearing on Bolivia, we will have a hearing on Colombia, we will have a hearing on Mexico, we will have a hearing on Turkey, we will have a hearing on Afghanistan, we will have a hearing on Pakistan.

Is this the way we are going to proceed, or are we going to try and deal with this issue in a far more comprehensive fashion?

Senator HAWKINS. I suggest to the Senator we have had country by country hearings, and I would like to state for the record that the Colombian Government in power, President Betancur, does not sanction drug trafficking in his country. He is a hero among

heroes, and when you mention that the Colombian Government helps the drug traffickers, it is a misstatement.

Senator DODD. Madame Chairman, I didn't say the President of the country; I said government officials in the countries involved in this matter. We have a very good relationship with President De la Madrid of Mexico; I am not suggesting that President De la Madrid is involved. But I know our drug enforcement officials will tell you flat out, as they did in this committee room, when you and I were both here, that government officials in Mexico are clearly involved in the subject.

So to suggest just Nicaragua is to me a fundamental mistake; it does this subject a disservice in terms of trying to educate people in this country about where the sources of the problem really are.

Senator HAWKINS. I believe, if you sit through the entire hearing, you will find that the treasury of Nicaragua benefits from this drug trafficking. Colombia's treasury does not.—You mentioned D'Aubuisson; he is not the president of his country. The President of El Salvador does not sanction drug trafficking.

And we have had many hearings on the Cuban link with terrorism and narcotics. If you want to have those hearings country by country, I suggest you sign up for a full program and fasten your seatbelt, because we will have them.

Senator Grassley.

Senator GRASSLEY. Madame Chairman, I would like to begin, of course, by commending you on the contribution you are making with this hearing, and that contributes very well to the public debate on a very important issue and to a new way of thinking about crime—and this is the new perspective on drug trafficking, now today dealing with political acts. Narcotics trafficking is now viewed by some perpetrators as such an act, political in nature. The destruction of young lives is a premeditated act, directed at the enemies of revolution, and the profits are reinvested in revolutionary activity.

Consider the testimony of Antonio Farach at a hearing on drugs and terrorism just last August by this subcommittee. Mr. Farach, as some of you may remember, was the second highest ranking official in the Nicaraguan Embassies in Venezuela and Honduras, and he defected to the United States, and he said this:

"The drug trade produced a good economic benefit, which we needed for our revolution . . . . We wanted to provide food for our people with the suffering and death of the youth of the United States . . . . Our youth would not be harmed, but rather the youth of the United States, the youth of our enemy. Therefore, the drugs were used as a political weapon because we were delivering a blow to our political enemy."

What we have here, of course, are very frightening words, a message from a high-ranking official of the Nicaraguan Government. Is this one individual's experience? That's the purpose of a hearing like this. I happen to think that if it's one by a high individual like that, that there is probably others that would view that. But a hearing like this has to look at whether this is an isolated incident. And again I would suggest that we would find that it probably isn't.

But that's a process of a hearing and the importance of a hearing, to bring these acts out on the table. This, of course, is a piece of a puzzle, and we are here today to see if several other pieces fit to form a more complete picture of the extent to which various individuals and/or governments are involved in international drug trafficking.

We have increasing evidence that this is not an isolated incident. For example, I would like to quote from the Security and Terrorism Subcommittee in a joint hearing with the Subcommittee on Western Hemisphere Affairs and the Senate Drug Enforcement Caucus. And that hearing revealed Cuba's involvement in facilitating international drug trafficking. According to Francis Mullen, then Acting Administrator of DEA, drug smuggling activities provided—and I quote—"hard currency which Cuba used to support revolutionary activities in Latin America."

The increase of terrorist activity against U.S. targets is up 60 percent. According to Machael Ledeen of the Georgetown Center for Strategic and International Studies—and I would like to quote again:

> Running drugs is one sure way to make big money in a hurry. Moreover, the directions of the flow are ideologically attractive. Drugs go to the bourgeois countries where they corrupt and where they kill, while the arms go to pro-Communist terrorist groups in the Third World.

Testimony submitted at the August hearing revealed that there is a direct relationship between "certain international terrorist groups and political cadre to key narcotics and weapons suppliers," including the Colombian M-19 operation and the PLO.

These are just a few examples; the list is getting longer. The flow of narcotics and the flow of ideology have become a marriage of convenience.

The facts are simple: Drugs equal dollars. Drugs undermine and destroy the social fabric of a country. Drugs have become the natural ally of those who would destroy democracy in our hemisphere.

Thank you, Madame Chairman.

Senator DODD. Madame Chairman, before proceeding, if I may, I would just like to ask unanimous consent that this map from—I believe it was Newsweek, Newsweek February 25 article, be included in the record, as well as an article that recently appeared in The New Republic, called Inside Dope in El Salvador, by Craig Pyes and Laurie Becklund. And I would submit as well a question from Senator Kerry, who is not in Washington today, and ask that his statement be included in the record.

Senator HAWKINS. Surely, without objection.

[The following material was received for the record:]

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United States Senate
COMMITTEE ON LABOR AND
HUMAN RESOURCES
WASHINGTON, DC 20510

Request by Senator John kerry to Senator Chris Dodd before the subcommittee on Children, Family, Drugs and Alcoholism:

Sen. Dodd:

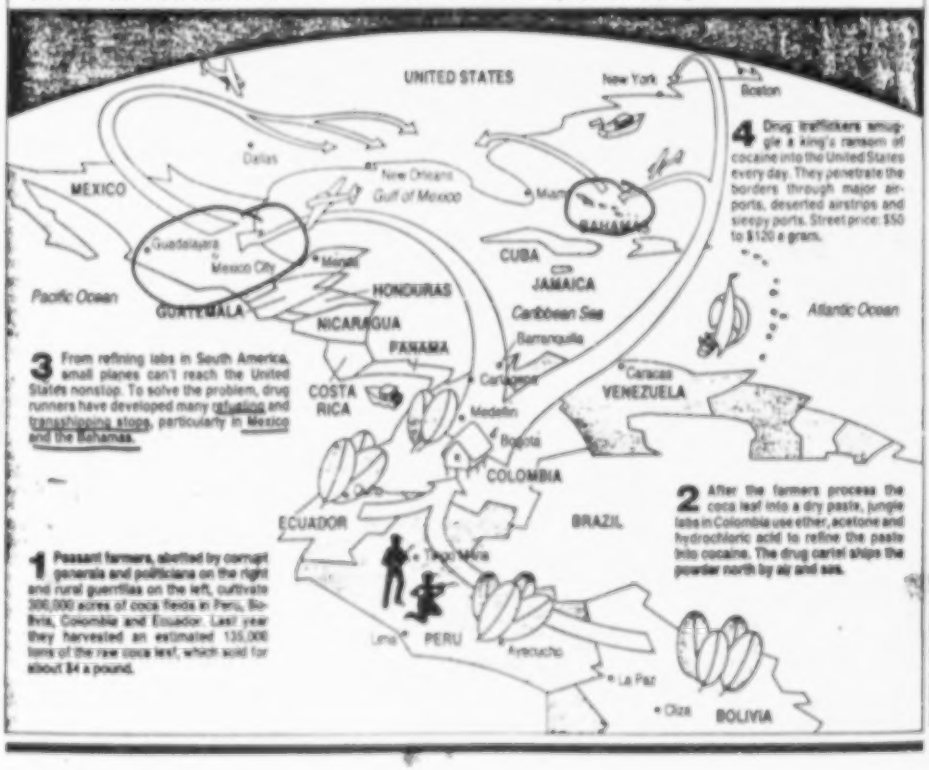
Madame Chairman, Senator John Kerry asked me to express his regrets for not being able to attend today's hearing as he is presently in Nicaragua. However, he did have one request for the Committee.

Madame Chairman, earlier this year, Francisco Guirola Beeche, a close associate of right wing Salvadorean leader Robert D'Aubuisson, was arrested in an airfield in Texas with $5.9 million in small bills. There are numerous suspicions that this man is closely linked to large scale drug trafficking. For these reasons Madame Chairman, I believe that this Committee should demand that the Administration release all U.S. Government cable traffic relating to this case,

Feb 25

ALONG THE COCAINE TRAIL: MONEY, MURDER AND POLITICS

From leaf to paste to refined powder, cocaine makes its way northward from growers and refiners in South America to dealers and consumers in the United States. The size and many turns in the flow make it extremely difficult for the U.S. Drug Enforcement Agency to stop enterprising and ruthless narcotraficantes.



1 Peasant farmers, abetted by corrupt generals and politicians on the right and rural guerrillas on the left, cultivate 300,000 acres of coca fields in Peru, Bolivia, Colombia and Ecuador. Last year they harvested an estimated 135,000 tons of the raw coca leaf, which sold for about $4 a pound.

2 After the farmers process the coca leaf into a dry paste, jungle labs in Colombia use ether, acetone and hydrochloric acid to refine the paste into cocaine. The drug cartel ships the powder north by air and sea.

3 From refining labs in South America, small planes can't reach the United States nonstop. To solve the problem, drug runners have developed many refueling and transshipping stops, particularly in Mexico and the Bahamas.

4 Drug traffickers smuggle a king's ransom of cocaine into the United States every day. They penetrate the borders through major airports, deserted airstrips and sleepy ports. Street price: $50 to $120 a gram.

Where did d'Aubuisson's pal come up with $6 million in cash?

INSIDE DOPE IN EL SALVADOR

BY CRAIG PYES AND LAURIE BECKLUND

ON FEBRUARY 6 several U.S. Customs agents stopped a sleek white Sabreliner jet as it was forbing up at the Kleberg County Airport, 60 miles outside of Corpus Christi, Texas. They suspected it was carrying the cash profits from a series of major drug deals. The plane had made two suspicious flights to Panama and El Salvador in the previous three weeks. There were four men traveling on the plane, all of whose names appeared on police computers as suspected narcotics smugglers. When customs agents attempted to search the men's luggage, the apparent leader, a self-possessed 38-year-old businessman from Central America named Francisco Guirola, resisted. "It would cause trouble," he warned the agents in near-perfect English.

He swore he was not carrying drugs or arms. He insisted that he was entitled to diplomatic immunity, and he showed a Costa Rican diplomatic passport to prove it. Customs officials checked with the State Department and learned that, although Guirola's passport was genuine, he was not protected by diplomatic immunity. The agents opened Guirola's eight large suitcases. Each one was stuffed with thousands of $20 and $100 bills. There were 150 pounds of unmarked bills, a total of more than $5.9 million. Guirola and two of the men with him are now awaiting trial on charges of violating federal regulations restricting the removal of money from the country.

In El Salvador, where Guirola lives, he was quickly nicknamed "the six-million-dollar man." He had been known in Salvadoran political circles as one of a group of wealthy young businessmen active in right-wing activities. Since 1979 he had served intermittently as a quiet and effective fund raiser for his close friend Roberto d'Aubuisson, the leader of the Arena party and a man repeatedly charged with organizing death-squad activities. Arena is the

Craig Pyes is an associate of the Center for Investigative Reporting. Laurie Becklund is a reporter for *The Los Angeles Times*. Their articles on El Salvador's death squads won the 1984-85 "Outstanding Media Coverage" award from the Latin American Studies Association.

Chico And The Men

Here are the major characters in the story of the mysterious six million dollars.

Roberto d'Aubuisson: leader of the far right wing Arena party and reputed organizer of Salvadoran death squads. He cosigned out of Chico Guirola's house when running for president of El Salvador last year.

Francisco "Chico" Guirola: arrested carrying $5.9 million in cash in Texas on February 6. A young well to do Salvadoran rice farmer, he has raised money for d'Aubuisson and the Arena party.

José Francisco Guerrero: attorney general of El Salvador and d'Aubuisson's personal lawyer. He issued and signed the official law enforcement credentials that Chico Guirola and Oscar Rodriguez Feo were carrying when arrested in Texas.

Thomas Pickering: outgoing U.S. ambassador to El Salvador. He was the target of a suspected death squad plot by key d'Aubuisson aides last May.

Hector Antonio Regalado: Salvadoran dentist known as "Dr. Death" for his role as d'Aubuisson's security chief. U.S. officials say he organized the plot against Pickering.

Oscar Rodriguez Feo: a Cuban American suspected drug trafficker who was arrested with Guirola. His credentials identified him as a "special security adviser" to El Salvador's attorney general.

Julio Vega: friend of d'Aubuisson who disappeared in Guatemala in 1982. U.S. authorities believe he was involved in guns and cocaine smuggling.

Marta Luz de Vega: Julio Vega's wife, now d'Aubuisson's mistress.

country's largest and most extreme right-wing political organization. (See "*Mi Asesino*, the Freedom Fighter," page 19). In March 1984 d'Aubuisson ran unsuccessfully for president against the Christian Democratic candidate, José Napoleón Duarte. During the campaign, he used Guirola's home in San Salvador as his personal headquarters. In their search warrant affidavit, the customs agents cited Drug Enforcement Administration files that state, "Guirola in March 1984 was reportedly involved in cocaine and arms smuggling in El Salvador and Guatemala."

Guirola clearly belongs to d'Aubuisson's inner circle. Last spring the United States heard of a plot among d'Aubuisson associates to assassinate U.S. ambassador to El Salvador Thomas Pickering. U.S. authorities believe that Dr. Antonio Hector Regalado, a dentist who is d'Aubuisson's personal security adviser and who is known as "Dr. Death," was behind the plot. His private phone number was found in Guirola's address book. President Reagan dispatched special envoy General Vernon Walters to inform d'Aubuisson personally that the United States would not look kindly on the murder of its ambassador. Only four men are known to have attended the meeting: Walters, Pickering, d'Aubuisson, and Chico Guirola.

D'Aubuisson was reputedly in no condition to meet with anyone. One knowledgeable source recalls, "He's known to take anything—full glasses of alcohol, cocaine, you name it. He scares the hell out of people when he goes on a bender. He goes crazy. For this meeting with Pickering, [they] had to stand him in a shower and pour coffee down his throat. He took Chico Guirola [to the meeting] as his witness. It was real South Italian—Guirola was the *hombre de confianza* to say d'Aubuisson didn't rat on anyone."

The credentials and papers that Guirola was carrying at the time of his arrest testified to his political connections. In particular, Guirola carried official credentials, signed by d'Aubuisson, which said he was a "special adviser to the Constituent Assembly." Guirola and one of the other men arrested—a Cuban American—also carried special credentials signed by the highest law enforcement official in El Salvador, Attorney General José Francisco Guerrero. Guerrero, incidentally, is also d'Aubuisson's personal attorney.

For d'Aubuisson, Guirola's arrest came at a bad time. The National Assembly and municipal elections will be held on March 31. D'Aubuisson is leading the Arena party's campaign to consolidate right-wing control of the legislature, and is running for an assembly seat himself. "*La avion pirata*"—"the pirate plane," as it has been dubbed in El Salvador—became a campaign issue. The Christian Democrats have run full-page newspaper ads pointing out d'Aubuisson's ties to the *avion pirata*. D'Aubuisson has acknowledged Guirola is a friend, but he said he could not be responsible for the actions of all his acquaintances. In any case, d'Aubuisson has survived far worse charges than that of a friend being charged with illegally removing money from the United States.

D'Aubuisson's real problem may be that Guirola's suitcases never reached San Salvador. Arena has formed a formal alliance with the next largest conservative party, the Party of National Conciliation (PCN). The PCN, however, is believed to be almost broke. In addition, wealthy supporters of Arena have grown tired of funding d'Aubuisson and his private security force. U.S. government officials close to the case have not ruled out the possibility that Guirola planned to keep the money himself. But they believe that at least part of the $5.9 million was intended to rescue the PCN and to protect d'Aubuisson from the dissatisfaction in his own party.

U.S. law enforcement officials are reluctant to release details of the Guirola case because it is still under investigation. On the record they stress that they are not yet sure

what Guirola intended to do with the $5.9 million. "The money is dope money," one U.S. Customs agent asserted in an interview. "Whether it was part of a terrorist money-dope connection" is not known, the agent said, "but we strongly believe it."

What is definite is that the arrests at Kleberg County Airport have exposed some of the clandestine activities of d'Aubuisson's inner circle. At the very least, government documents and recent interviews with more than a dozen sources both here and in Central America demonstrate that El Salvador's drug smugglers, death squad killers, and right wing politicians know each other, do business with each other, and share complete immunity from the law.

FRANCISCO GUIROLA, known to friends as Chico, is typical of the people who travel in this world. He comes from that small class of people whom Salvadorans describe as "adjunct oligarchs." They are the men and women of Jaycee age who cannot quite afford to live out their lives without working, but who are rich enough to fear being kidnapped by leftists. Revolution and reform have deprived them of the undisturbed power that they once would have inherited. These entrepreneurs have responded with fervent right wing patriotism and support for d'Aubuisson. Their counterrevolutionary zeal is the soul of the Arena party.

We first talked with Chico at the Camino Real Hotel in Guatemala City in June 1982. He was the picture of casual wealth, amiable and well dressed. Those were euphoric days for the "adjunct oligarchs." The elections in March 1982 had given the Arena party (which was formed only in late 1981) near control of the National Assembly. More important, the elections had restored some of the political legitimacy that the right had lost after 1979 because of the death squads. Between October 1979 and the summer of 1982, hundreds of unarmed civilians were murdered every month in El Salvador. D'Aubuisson and his closest associates openly resented domestic and international revulsion at the violence. "It's not a legal war," Ricardo Paredes, an Arena party activist and one of Chico's best friends, explained in 1982. "We don't want to fight a fair war. We have to go and beat their pants off."

Guirola and a few dozen other civilians closest to d'Aubuisson had studied counterrevolutionary theory with aging French mercenaries who told stories of the Battle of Algiers. They had rubbed shoulders with secret Argentine police who trained Salvadoran military officers to run death squads one day and who shuttled to Honduras to train the *contras* the next. Their friends and family had fled to Miami or been killed. But they had toughed it out, and they had won. By the summer of 1982 Guirola and his friends were feeling cocky enough to brag about their adventures.

Guirola told us that his background and personal ambitions had coincided with the needs of the right-wing underground. As a young man he studied business at the Menlo School and College in California with a close friend who was a nephew of Nicaraguan dictator Anastasio Somoza. He said he learned "how to manage money, how to make money." But when his family's large rice plantation began losing money, he had to return to El Salvador. The family's holdings were then broken up by the country's land reform program. Deeply embittered, he joined the Salvadoran Nationalist Movement (MNS), a small group of friends who described themselves as "violently anticommunist." "I supported them with my own funds," he explained. As financial director of the group, he received limited contributions from secret donors to underwrite the group's activities. "They just put money in our pockets. I never asked the source." D'Aubuisson, he said, was "our liaison to the military."

Guirola claimed that the movement used its money for standard political purposes. The group was not a death squad, but Guirola's friends said he had also given money to people who were involved in other illicit activities, including a black propaganda campaign that portrayed reformist military officers as closet Communists, purchases of arms on the black market, and a counter-terror campaign in which bombs were planted at some 30 churches, schools, and other institutions considered too sympathetic to the left. Guirola's own role was described by these acquaintances as that of an all-purpose smuggler, a *contrabandista*. They said he regularly flew his Beechcraft Baron surreptitiously between the three cities where the Central American right was strongest: San Salvador, Guatemala City, and Miami.

But as Chico talked in the bar of the Camino Real, he was also fighting off disillusionment. He had seen corruption in men he once admired. He had watched Arena supersede the MNS as older and wealthier men moved in to take control of the party now that it was legitimate. And though he was still willing to work with the counterrevolutionaries, he hinted that he had been sickened by seeing their work firsthand.

After mid-1982 Chico dropped out of politics for a while and began spending more time in Florida. His parents had fled to Albuquerque, where his mother, a native of Costa Rica, obtained the job of vice consul for the Costa Rican government. He didn't live with his parents, but there were advantages to his mother's largely honorary post. For one thing, as the son of the vice consul, he used a diplomatic passport from Costa Rica. This entitled him to avoid customs searches when entering and leaving the United States.

THREE MONTHS after we talked with Chico, the U.S. Embassy in San Salvador began to receive reports that d'Aubuisson and his close associates might be financing their political activities partly by smuggling guns and cocaine. The reports dealt with a friend of d'Aubuisson named Julio Vega. Vega owned a cotton farm in Usulutan, the eastern province of El Salvador where hit-and-run guerrilla attacks had driven many cotton farmers into debt. Yet Vega always seemed to have money to throw around. U.S. officials later concluded that Julio operated a

thriving gun and cocaine smuggling enterprise and ran death squads with the profits.

Vega took off in his private plane for Guatemala on September 14, 1982. Just before he left, Vega obtained a $1.6 million government loan, ostensibly for a new cotton crop. A well-placed Salvadoran official told us that d'Aubuisson had encouraged Vega to get the loan, and that the future attorney general Francisco Guerrero had provided legal advice. According to U.S. Embassy reports, the proceeds were stashed aboard Vega's twin-engine Piper Navajo, as part of a load of contraband cargo. At least two intelligence reports received by the Central Intelligence Agency from associates of Vega alleged that the money was part of a multimillion-dollar guns and cocaine deal.

Vega and his plane never returned from Guatemala. The U.S. Embassy, recognizing that the incident might have political ramifications, immediately tried to find out what had happened. "The right wing was a chronic challenge in both Guatemala and El Salvador," said the embassy official who conducted the inquiry. "There were two aspects to the threat that this episode presented. The first aspect, and the main reason we were concerned, was because of the alliance between the two right-wing movements and the potential involved for right-wing coup plotting. Drugs were the second aspect."

The president of Guatemala, Efrain Rios Montt, apparently had similiar concerns. Rios Montt, who was overthrown in a military coup in 1983, was an evangelical Protestant deeply opposed to drugs. D'Aubuisson and his friends had often used Guatemala as a refuge, but as one source put it, Rios Montt concluded that this time the Salvadoran "had crossed the line." The Guatemalan government announced publicly that Vega and his co-pilot had been stopped by police and turned over to Salvadoran authorities.

The embassy officer said he later learned that Vega's wife, Marta Luz, was the last person to hear from him. "Marta, darling," Vega reputedly said, "I'm having trouble entering the country because my name is on a list at the airport." After that, Vega and his money vanished. The only remaining question was exactly how the Guatemalans disposed of Vega and his co-pilot. "Either he was turned into cement in a cement factory or dropped into a volcano," said one foreign observer. "The volcano is the traditional way in Guatemala."

D'Aubuisson made no secret of his concern about Vega. Twice he abruptly left his duties as president of the Constituent Assembly to make trips to Guatemala to seek a meeting with Rios Montt. But, according to the embassy officer, the presidential aides "told him something heavy enough to make him back off. He never touched it again." D'Aubuisson may have mourned his missing friend but not for too long. When Vega did not resurface, d'Aubuisson left his wife and moved in with Marta Luz.

ROBERTO D'AUBUISSON, BY CHRIS STEELE-PERKINS, MAGNUM PHOTOS

As a rule the State Department investigates only those foreign crimes that have implications for U.S. policy. The Vega scandal quickly subsided, and U.S. officials in Central America came to regard it as just one more unresolved disappearance. It wasn't until the arrest of Guirola seven weeks ago that American diplomats in San Salvador began to reconsider the possibility that d'Aubuisson and his backers were involved in drug trafficking.

There was a good deal of evidence linking Guirola and his companions to the drug trade. U.S. Customs officials first became interested in the Sabreliner jet, according to an affidavit for the search warrant, when they learned that Guirola allegedly had unloaded more than one million dollars in cash in Panama on January 21. On January 22 Guirola and three other men had landed at a small airport in the town of Alice, Texas, to refuel. An unidentified airport employee thought the refueling stop was suspicious and alerted customs officials. The affidavit says that customs had been informed that the plane had been used in "a large scale illegal money laundering operation" in Central America.

On February 6 customs officials seized the plane at the Kleberg County airport, on the technicality that the aircraft had allegedly not reported to customs authorities since returning from Panama. Guirola and two Cuban-

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'MI ASESINO,' THE FREEDOM FIGHTER

HANDSOME and charismatic, Roberto d'Aubuisson has captured the imagination of many rank-and-file members of the New Right. In their eyes, he is a "freedom fighter" who should be honored for his call to take bold, decisive action against communism in Central America.

These supporters brush aside mounting evidence that d'Aubuisson masterminds El Salvador's death squads. The accusations are a "smear campaign," says Richard Mathias, a former board member of Young Americans for Freedom who in 1984 appeared in a paid political announcement for d'Aubuisson on Salvadoran TV. "His critics have never come out with any hard evidence," insists Colonel Samuel T. Dickens of the American Security Council. D'Aubuisson has twice spoken about Central America at the ASC's Washington offices. Dickens says he's known d'Aubuisson for eight years, but has never asked him if the d...h-squad charges are true.

Perhaps d'Aubuisson's best friend on the American right is Senator Jesse Helms of North Carolina. Last July *Newsweek* reported that Helms sent President Reagan an angry letter protesting U.S. support for José Napoleón Duarte, d'Aubuisson's Christian Democratic opponent, in the 1984 Salvadoran presidential election. According to *Newsweek*, Helms's letter inspired d'Aubuisson and his associates to begin plotting the assassination of U.S. ambassador to El Salvador Thomas Pickering. The U.S. managed to squelch the plot, and Reagan called Helms on the carpet.

New Right leader Paul Weyrich is another d'Aubuisson fan. In January 1983 Weyrich signed a letter of support to d'Aubuisson that was also endorsed by the Moral Majority and the Conservative Caucus. Last December Weyrich's Free Congress Foundation feted d'Aubuisson at the swanky Capitol Hill Club in Washington. According to *The Washington Post*, d'Aubuisson's hosts awarded him a plaque in recognition of his "efforts for freedom in the face of Communist aggression," which are an "inspiration to freedom-loving people everywhere." The plaque bore the names of such conservative organizations as the Gun Owners of America, the National Right to Work Committee, and the National Pro-Life Political Action Committee.

In March d'Aubuisson ran into trouble obtaining a visa and had to send last minute regrets to the organizers of the Conservative Political Action Conference in Washington. D'Aubuisson, whose picture appeared in the conference's brochure, had been scheduled to address the conference's awards banquet –"A Tribute to the World's Freedom Fighters."

GENERAL José Medrano, who was d'Aubuisson's boss in Orden, a rural intelligence network that carried out killings in the Salvadoran countryside during the 1960s and 1970s, also admired d'Aubuisson. But he expressed his fondness more succinctly: d'Aubuisson and two other accomplices were *mis tres asesinos* –"my three assassins."

D'Aubuisson, a graduate of the Salvadoran military academy, learned his counterintelligence from U.S. and Taiwanese training academies. By the late 1970s, he had risen to a high position in a Salvadoran government intelligence agency called Ansesal, which got information through methods that included wiretapping and torture.

D'Aubuisson's career was interrupted in October 1979, when a group of younger officers, including many reformists, took power in a coup. He left the military, only to reappear several months later, denouncing "subversives" in national TV broadcasts. The people whom d'Aubuisson named frequently wound up dead. In February 1980 d'Aubuisson denounced Mario Zamora, a Christian Democrat who was then the country's attorney general. A few days later a death squad burst into Zamora's home and shot him in the face.

On March 24, 1980, according to published accounts based on U.S. intelligence sources, a group of military personnel met with d'Aubuisson at a safe house in San Salvador and drew straws for the privilege of killing Archbishop Oscar Romero. Two months after Romero was shot, d'Aubuisson was arrested on suspicion of plotting a coup. Among the documents seized from him was a list of weapons needed for the assassination. At a recent press conference in Washington, Colonel Roberto Santivanez, who once commanded d'Aubuisson at Ansesal, confirmed that d'Aubuisson planned the Romero assassination.

D'AUBUISSON'S political party, Arena, is the descendant of Orden and a later organization, the Broad National Front (FAN). D'Aubuisson set up FAN after the 1979 coup with financial help from wealthy Salvadorans and from Mario Sandoval, the leader of Guatemala's National Liberation Movement, which calls itself the "party of organized violence." FAN transformed itself into Arena in order to compete in the 1982 elections. At rallies during the campaign, d'Aubuisson liked to chop open watermelons with a machete, to show that the Christian Democrats were "green on the outside, but red on the inside." D'Aubuisson was elected head of the Constituent Assembly.

In 1984 d'Aubuisson ran for president against Duarte and narrowly lost. Arena, however, joined other conservative parties to retain its majority in the legislature. This rightist coalition has been able to block almost all of Duarte's proposed reforms. As this issue of TNR went to press, the right wing parties were favored to maintain their majority in the March 31 elections.

This apparently does not alarm the Reagan administration. According to a story by Robert J. McCartney in the March 20 *Washington Post*, the United States is taking an openly neutral stance in the race. "The administration and embassy," McCartney reported, "seem to think that a conservative victory would encourage Salvadoran rightists to pursue parliamentary and democratic tactics, and thus wean some of them away from violence."

CHARLES LANE

WHOSE OX IS GORED

A PET conservative preoccupation is that communist nations are engaged in the world drug trade in order to corrupt American youth and bankroll terrorism abroad. *The Wall Street Journal* complained last year that "Nicaraguan government officials are directly involved in shipping drugs to the U.S. for the purpose of earning foreign exchange and 'destroying America's youth.' " More recently, the *Journal* rose to the defense of Secretary of State George Shultz, who had accused the Cuban and Nicaraguan governments of trafficking in drugs. These governments, the *Journal* opined, are different from "the general ruck of pushers . . . most people recognize that a sovereign state makes a far more dangerous criminal than the run of the mill thug. And the evidence implicating Cuba and Nicaragua grows more impressive daily. . . . Yet Cuba and Nicaragua somehow retain a romantic sheen with the mass media, and [important] people . . . continue to turn a blind eye."

As the adjacent article demonstrates, the blind eye syndrome strikes conservatives too, when their friends in Latin America are involved in the drug trade. In those cases, they do not leap to the conclusion that drug involvement by government officials reflects official government policy. At a breakfast meeting with journalists March 25, for example, an important person named Ronald Reagan conceded that Mexican government officials are probably involved in drug trafficking, but specifically exempted the Mexican government itself from responsibility.

Americans, Gus Maestrales and Oscar Rodriguez Feo, were arrested for conspiring to violate a federal statute that requires anyone taking more than $10,000 in cash out of the country to file a report with the U.S. Treasury Department. Maestrales was the owner and pilot of the plane. Bail for Guirola and Rodriguez Feo was set at two million dollars, and they remain in jail in Corpus Christi. Maestrales's bail was set at one million dollars, which he posted. The fourth man on the plane, co-pilot Arturo Guerra, who was named in the affidavit as a "large scale" narcotics trafficker, was questioned but not charged. Investigators said there was no evidence he was involved in the scheme.

U.S. authorities are not yet certain what the arrest of Guirola and Co. means. Records from the Drug Enforcement Administration confirm that all four men have been suspected of cocaine or marijuana smuggling. Law enforcement officials say that the men appeared to be working around the clock shipping money out of the United States. One law official familiar with the case said, "They never slept." An encyclopedic array of personal papers confiscated from the men shows large cash transactions. They also indicate that Guirola and Rodriguez Feo were connected with a Salvadoran business that has a bank account in Panama.

The four men had obtained enough identification of their own to operate without challenge from the law — at least in El Salvador. In addition to the Costa Rican passport, Guirola carried the Salvadoran passport that identified him as a government official. His credentials from the Salvadoran attorney general's office identified him as a "special commissioner." Curiously, Rodriguez Feo also had signed credentials from the Salvadoran attorney general — even though he is a naturalized American citizen. Rodriguez Feo's credentials as a "security adviser" are also unusual because he is known, at least to U.S. law enforcement authorities, as the registered owner of a shrimp boat found in the Bahamas in November 1982 with 10,496 pounds of baled marijuana on board. No one was aboard the boat at the time it was seized, and no charges were brought in the case. It is not known whether the Salvadoran attorney general knew about the shrimp boat case. Nor is it clear whether the I.D.s mean that Guirola and Rodriguez Feo were on the attorney general's payroll, held merely honorary titles, or had bought the credentials.

After Guirola's arrest, Pickering wrote an unclassified cable to the State Department reporting that d'Aubuisson had called him about the incident. Pickering said d'Aubuisson claimed he had only a slight and nodding acquaintance with this "ne'er-do-well young man." When Pickering "asked Major d'Aubuisson if this wasn't the same Mr. Guirola whom he brought along to the very sensitive meeting" with General Walters, d'Aubuisson said yes, according to Pickering, but "attempted to dismiss the importance of their association."

The major law enforcement question now is whether Guirola's travels and "fund raising" could have remained completely unknown to d'Aubuisson and to other officials in the Salvadoran government. But the even more important political question is whether the U.S. investigation will be followed up in El Salvador and Panama. U.S. intelligence files are already crammed full of far more serious allegations against d'Aubuisson. Nevertheless, the Reagan administration has continued to treat d'Aubuisson as if he were a legitimate conservative politician. Better to have him struggling for votes in the legislature, the reasoning goes, than to have him killing his opponents on the streets.

If the U.S. government will not stand up to d'Aubuisson, it is certain that no one in the Salvadoran government, from President Duarte on down, will do so either. D'Aubuisson dismisses the most credible death squad allegations as "disinformation" spread by communist sympathizers. He is sure that neither American nor Salvadoran officials will challenge him on the Guirola case or any other. His lawyer is El Salvador's attorney general, and his longtime friends sit on the Supreme Court. When d'Aubuisson was last in Washington, he spoke to fawning members of the Young Americans for Freedom at Georgetown University, and expressed his usual confidence that not even the worst charges against him will ever stick. "Where is the proof?" he demanded. "If anyone has any real evidence against me, let them give it to a judge." He is El Salvador's Teflon terrorist. □

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Senator DODD. Madame Chairman, I apologize, but having had to wait, of course, while you were down there at the White House, and now I have to——

Senator HAWKINS. I want to tell you they are not on schedule, and it's not the President's fault I am sure.

We have with us today a man who has had to wait also—and I apologize. I know of no one who works harder or more efficiently than Commissioner of U. S. Customs William von Raab. I know of no one in the war on drugs whose work I respect more. He has spurred his agency, the Customs Service, to a leadership position in the area of drug interdiction. I read weekly of the Customs Service's continuing efforts regarding drug control, and I am happy to welcome its distinguished and highly capable Commissioner, William von Raab, as our first witness.

STATEMENT OF WILLIAN VON RAAB, COMMISSIONER, U.S. CUSTOMS SERVICE.

Commissioner VON RAAB. Senator Hawkins, and members of the subcommittee, I am pleased to appear before you to present testimony on the relationship between terrorism and drug trafficking.

Our families and friends here, and friends all over the world, are victims of the vile and evil business known as international trading in narcotics. In other parts of the world, people know firsthand the cruel and barbaric horrors of the other evil, international terrorism.

I will focus my testimony on these problems in Central America and the Caribbean Basin. Problems which I firmly believe are being orchestrated by unfriendly governments to corrupt our population and to destroy democratic societies in our hemisphere, through vile, corrupt, violent and sick means.

Madame Chairman, you took the lead just under a year ago to point up the connection between international trading in narcotics and terrorism. And I remember, because I testified before you, that there was some cynicism in the media and in other places as to whether there really was a connection between international trading in narcotics and terrorism.

Well, I am sure both you and I are pleased to see that recent reports, extensive reports, including the Newsweek magazine to which Senator Dodd has pointed, have clearly identified that narcotics trafficking and terrorism are, as I call them, the siamese twins of death and destruction.

I personally believe that the siamese twins have a set of parents in this hemisphere, and that is the Sandinista regime and the Cuban government.

Yes, as Senator Dodd has pointed out, there are problems in Latin America. Columbia is fighting very hard to eliminate the production of drugs, Bolivia is trying; somewhat less successfully—they could do a lot better. There are problems in Mexico.

But who is fighting the effort of Colombia to eliminate drug production? International terrorists, the very same international terrorists using the very same techniques that are being supported by efforts by the Cubans and Nicaraguans. So in effect the link between international terrorism and narcotics trafficking is the criti-

cal aspect that we are talking about. We all condemn drug trafficking, but we condemn even more strongly the activities that prevent good democratic governments from effectively eliminating the drug problems in their countries.

In August 1984, you heard several witnesses address this issue. As you recall, I spoke to you about the Cuban support of both terrorism and drug trafficking using the Guillot Lara case as an example of this. Similarly, Mr. Mullen, the Adminstrator of DEA at that time, provided further details about the Lara case. Using this previous testimony as a reference point, the data that will be presented to you here today will detail that and other schemes that further evidence the fact that both the Cuban and Nicaraguan Governments are in a class of nations, pirate nations, led by individuals whose national policies foster drug trafficking, terrorism, or both. They support these activities with their own national resources, including financing, organization, and the use of sovereign territory.

In the case of Cuba, there is abundant information concerning active Cuban support of both drug trafficking and terrorism.

Prior to mid-1983, evidence of Cuban complicity in drug trafficking was based largely on the testimony of confessed traffickers. It included allegations that Cuban waters were used as a safe haven for traffickers to avoid U.S. interdiction efforts; that at least one trafficker had negotiated permission to refuel his aircraft in Cuba; and that senior Cuban officials, as well as Cuban intelligence officers, arranged for the smuggling and distribution of drugs in the United States. Since 1983, the U.S. Government has acquired corroborating information from other sources that these practices are continuing.

Cuba is involved in offering assistance and guidance to drug-trafficking vessels in their journey to the United States. Sources also report that it is common knowledge among drug traffickers that northbound drug-smuggling vessels can obtain food, water, and fuel at a number of Cuban ports. Captains of drug-smuggling vessels have told the sources that Cuban officials do not bother them after learning that their drug cargoes are bound for where? For the United States.

Cuba is used as a convenient trans-shipment point for Colombian drugs bound for the United States in an effort to circumvent U.S. maritime drug-interdiction assets located in the Windward Passage and Yucatan Channel.

Evidence of this was recently uncovered in a scheme which had not been previously reported. In this scheme conspirators from Cuba had rented a cargo ship for $24,000 a month from a Panamanian shipowner. The ship was to move drugs north from Colombia to a small island off the southern coast of Cuba. The drugs would then be flown over the Cuban mainland to an island off the northern coast of Cuba, and from there shipped by small boats to Florida.

Information we have received also indicates that drug traffickers regularly fly through Cuban airspace and over the Cuban mainland during their drug-smuggling operations. No previous arrangements are necessary. The smuggler aircraft enter a commercial flight cor-

ridor over Cuba without being challenged by Cuban authorities. This is reportedly a common and popular technique.

Sources have also reported that Colombian marijuana is available for export in Cuba and that Cuba has been the marijuana source of some U.S. drug traffickers. In addition, we have had reports that a U.S. trafficking group was stealing shrimp boats in the United States, taking them to Cuba and there receiving fuel and a shipment of arms. The arms were then delivered by the boats to Nicaragua, after which they continued on to Colombia, picked up a load of marijuana, and returned to Cuba. In Cuba they were refueled and given a Cuban escort to a position south of Florida from which they would then proceed to their off-loading points in the United States, sort of a nifty 20th-century version of the old triangle trade, except this case involves Cuba and Nicaragua.

As both Mr. Mullen and I previously testified, the 19th of April Movement, also known as M-19, has been identified in a U.S. Federal court with drug trafficker Jaime Guillot Lara and officials of the Cuban government in an attempt to invade Colombia—there are your terrorists again. The M-19 activities on that occasion included hijacking a Colombian airliner to transport weapons which Guillot later removed, along with terrorist forces, to an invasion site in southern Colombia. For his participation and use of his drug trafficking connection, Guillot received permission to use Cuban territory to assist his smuggling of drugs to the United States. This was not the first such deal that Guillot had cut with the Cubans. This particular arrangement grew out of an earlier one in which Guillot's use of Cuban territory was compensated with payments to the Cuban government based upon the size of each drug cargo. This case was the most significant U.S. Government investigation proving the terrorism-drug connection. I am sure there was no one, not even Senator Dodd, that would suggest Guillot was being sent to Colombia to eradicate drugs; if anything, he was being sent there to destabilize the government which was trying to eliminate the drug problem.

There are two other incidents which serve to illustrate this connection. When the Colombian navy sank the motorship "KARINA," which was controlled by Guillot, off the coast of Colombia, an estimated 100 tons of weapons were aboard. And when the "MONARCA," also controlled by Guillot, was seized by Colombian authorities, a large quantity of weapons destined for the M-19 had already been landed.

In November 1982, Guillot, four high-ranking Cuban officials, and nine others were indicted in Miami for violations of Federal drug laws. Guillot and the four officials remain fugitives.

I feel that the record clearly shows that Cuban complicity in drug trafficking is almost certainly approved at the highest levels in Havana. The degree of involvement of high Cuban officials, reported by several sources, is just too frequent, too blatant, and too damning to think otherwise.

The results of recent investigations, coupled with intelligence reporting, prove that Nicaraguan officials also share complicity with the Cubans in drug trafficking.

The information we have received indicates that since 1981, Nicaragua has been used as a transit area for drugs shipped to the

United States. It is possible that Nicaraguan involvement in drug trafficking has been motivated by the need to obtain hard currency.

To substantiate this, a reliable source reported in March 1981, that a senior official of the Nicaraguan Government stated that as a means of acquiring more hard currency, the Nicaraguan Government was actually studying a plan to sell marijuana grown in Nicaragua.

In 1982 there were reports, later substantiated, that Interior Minister Tomas Borge was organizing and directing a plan to purchase Colombian drugs for resale in the United States.

Another reliable source reported that in late 1982 Cuban and Nicaraguan intelligence officers were involved in a Nicaraguan-Cuban conspiracy to smuggle large volumes of drugs into the United States, using Nicaraguan Aeronica Airlines aircraft.

A September 1983, intelligence report revealed details of another Nicaraguan-supported drug operation. The report stated that a drug dealer, who had been involved with Rodolfo Palacios Talavera, former First Secretary of the Nicaraguan Embassy in Ottawa, said that Palacios was a small link in an operation involving Borge and other Sandinistas. Palacios was arrested in July 1983, for possession of cocaine by Canadian authorities. Borge reportedly allows Colombian drug traffickers to use Corn Island, Nicaragua, as a trans-shipment point for drugs bound for the United States and he reportedly was arranging Cuban assistance for this operation.

Yet another source reported that as of late 1983, a vessel purchased by the Nicaraguans was in Colombia being fitted with concealment compartments for drugs. Drugs shipped from Cuba and Nicaragua were to be loaded on the vessel at Rama, Nicaragua, for shipment to the United States.

According to the information in a U.S. Government affidavit filed in a U.S. District Court, two major Colombian traffickers, Pablo Escobar and Jorge Ochoa, had reached an agreement with the Sandinista government in April 1984, to use Nicaragua in a cocaine smuggling operation. In early June 1984, a Cessna Titan with 750 kilograms of cocaine on board flew to Los Brasiles, a military-associated airfield northwest of Managua. The aircraft was forced to make an emergency landing after being hit by antiaircraft fire. Nicaraguan, Frederico Vaughan, who is an aide to Interior Minister Tomas Borge and is also associated with the Nicaraguan procurement agency "SEBIMEX," interceded and the pilot was allowed to proceed to the U.S. to obtain another aircraft, leaving his damaged aircraft and the cocaine in Nicaragua. The pilot returned to Los Brasiles on June 24, 1984, in a C-123 to retrieve the drugs. Both Vaughan and Escobar—believed to be living in Managua at the time—personally helped him load the aircraft, while military guards remained nearby. Vaughan received $1.5 million from the drug traffickers for providing "secure facilities" in Nicaragua. This affidavit was accompanied by photos that documented Vaughan's participation in loading the cocaine onto the aircraft.

In July 1984, the same pilot made another trip to Nicaragua from the United States to bring supplies to support the new cocaine laboratory complex being constructed there. Additionally, large shipments of ether, the primary precursor chemical used in

the production of cocaine, were shipped to Nicaragua from Europe via Havana. In a taped conversation with the pilot in mid-July, Frederico Vaughan told the pilot that the new cocaine processing laboratory in Nicaragua was ready for use.

The U.S. Customs Service recently concluded an investigation which, in my opinion, proves the involvement of certain Sandinista officials in narcotics trafficking.

The investigation began in the summer of 1983 when customs officers received information that the vessel "CHARISMA" was being used in a smuggling operation. A lookout was placed in the Treasury enforcement communications system for the vessel, and, within 2 months the vessel was seized by customs officers as it was attempting to smuggle mini-computers and communications equipment to Cuba.

The captain of that vessel, James Herring, whom you will hear from later today, told an incredible story about the smuggling venture. One, quite frankly, that my officers were disinclined to believe because, at first blush, the plan sounded outrageous. However, Captain Herring's statements were verified and his information has been the basis for the indictment of 11 individuals.

Working with James Herring, the customs service initiated an undercover investigation into the illegal activities of the group and proved that Ube Dekker, a fugitive from justice in the Netherlands was attempting to smuggle cocaine into the United States and Europe from Nicaragua. Dekker's associates included Herring; Robert Vesco; Borge's aide, Frederico Vaughan; and Paul Atha, another Nicaraguan who, along with Vaughan, was also associated with "SEBIMEX" and was referred to by the rank of captain.

The Customs Service investigation documented that Dekker, working with Vesco, was introduced to Vaughan for the purpose of establishing a narcotics distribution network in Europe and later the United States.

This scenario involved Vaughan and Vesco purchasing pure cocaine in Colombia from a man known as Ricardo Ochoa and then Vaughan transporting the cocaine to Nicaragua. In Nicaragua, Vaughan and Atha supervised the importation, cutting, and packaging of the cocaine for smuggling onward.

The witnesses you will hear from later today were directly involved in the conspiracy to distribute narcotics so as to obtain hard currency to finance the Sandinista regime. Beginning in about February 1983, a Vesco associate proposed that Vesco fund a cocaine smuggling operation using Vaughan, Herring, and others. Vaughan furnished the Colombian cocaine and provided a safe haven for the operation in Nicaragua. From a residence in Managua, where Sandinista soliders presided over the activities, the cocaine was secreted in machinery. Dekker and Vesco's associate established a distribution network initially in Europe and then later in the United States. The network relied heavily on Nicaraguan nationals residing in Europe.

The first cocaine shipment was intended to be distributed in Europe and it was in fact shipped, concealed in a marine winch, from Managua to the Netherlands. Proceeds from the sale of narcotics were divided among Vesco, Dekker, and Vaughan. Vaughan arranged to return his portion of the proceeds to Nicaragua, and

this was done by having a Nicaraguan diplomat transport the moneys in a diplomatic pouch.

As you will hear, Vaughan, the Sandinista, did not limit himself to cocaine smuggling. Vaughan proposed that, together with Nicaragua's minister of agriculture, the group initiate a marijuana growing project. This plan would, in effect, have made marijuana Nicaragua's No. 1 governmentally sanctioned cash crop.

In the initial stages of the Customs Service undercover investigations, these criminals asked to purchase 1,000 automatic weapons of U.S. origin. These weapons could only have been used to subvert the U.S. position in Central America.

As you will hear from James Herring, Frederico Vaughan while distributing cocaine also distributed the book "Sandinista Speaks." You will also hear from Herring how Cuban officials offered to pay for merchandise that Herring was delivering to Vesco with narcotics.

The conspiracy that I have unfolded for you could only have been accomplished with the direct involvement and complicity of both the Cuban Government, which protects Vesco, and the Nicaraguan Government for which Vaughan and Atha work.

Although the narcotics were cut and processed in Nicaragua, you will hear participants in the conspiracy relate their experiences in Cuba, and you can draw for yourself a conclusion as to whether Cuban officials sanctioned this enterprise.

I'm only sorry that Senator Dodd is not here to be able to draw the same conclusion for himself.

In conclusion, I believe that the Colombian Government crackdown on narcotics traffickers has forced Colombian traffickers to seek new bases of operation, such as Nicaragua. Our most recent information indicates that major Colombian cocaine traffickers, such as Jorge Ochoa and Pablo Escobar, have relocated some cocaine labs from Colombia to Nicaragua. This most recent development has the potential of making Nicaragua a significant producer of cocaine in addition to being a drug transit area.

The use of a military-associated airfield and the construction of a cocaine laboratory in Nicaragua, required the approval of high-level Sandinistas, who have vehemently denied charges of any involvement with drug trafficking. Despite the U.S. indictment, Frederico Vaughan remains affiliated with the Nicaraguan Interior Ministry. We believe that the Sandinistas will go ahead with their plans to support the drug traffickers, but most likely will be more cautious in their dealings

In summation, I would ask that the members of this subcommittee view this information in its totality, including the natural and logical conclusions to be drawn from it.

Madame Chairman, this concludes my prepared testimony, and I will of course be happy to answer any questions you may have.

Senator HAWKINS. Thank you, Commissioner. Based on your review of intelligence information and investigative results, do you believe that this activity could have occurred without the knowledge of officials of the governments involved?

Commissioner VON RAAB. No, without any question, it must have their knowledge.

Senator HAWKINS. What is the basis of your assessment?

Commissioner VON RAAB. Well, in both Nicaragua and Cuba, the type of government necessarily would require their knowledge of this. Their government structure is small and centrally controlled—it's a police state; very little goes on in a police state about which the government is not aware.

The witnesses' statements themselves; that participants in these transactions involved themselves and identified themselves as Cuban and Nicaraguan intelligence officers. In Nicaragua, for example, participants in these ventures freely entered and departed Nicaragua with narcotics paraphernalia. Government officials facilitated the entry of these narcotics traffickers, and Nicaraguan soldiers provided security for Vaughan, Vesco, and other narcotics traffickers.

Of course, in Cuba there is no free enterprise, so we have to assume that all businesses are controlled by the government. The only possible consumer would be the Cuban Government.

During the course of one of these transactions, the equipment transactions, Cuban gunboats provided escorts into Cuban ports. Participants, once again, in these ventures freely entered Cuba with prescribed equipment obtained in the United States, and, once again, Government officials facilitated the entry of participants into Cuba.

Senator HAWKINS. You mentioned Robert Vesco.

What is your understanding, Commissioner, of Robert Vesco's role in narcotics trafficking and the smuggling of high-tech items to embargoed countries?

Commissioner VON RAAB. Our investigations reveal that he was basically the genesis of these activities. He funded them. He uses his international contacts to make himself an intermediary in bringing together the principals of these conspiracies. And from Vesco being identified as present in both Nicaragua and Cuba during these activities, it appears that Vesco, a well-known international fugitive, provided his criminal expertise in exchange for sanctuary.

Senator HAWKINS. Do you know where Robert Vesco is now? Is there any mumbling over where his present location is?

Commissioner VON RAAB. I don't know where he is right now.

Senator HAWKINS. You mentioned an investigation involving Robert Vesco that took place in Brownsville, TX. What was the substance of that investigation?

Commissioner VON RAAB. This case involved a secret procurement and shipment of controlled items to Cuba—as you know, Cuba is covered by the Trading With the Enemy Act—and he was attempting to obtain equipment that would be instrumental in solving Cuba's fuel shortage for electrical power generation.

As a matter of fact, I might mention, this equipment could have made Cuba self-sufficient, as the equipment produces electrical power through consumption of sugar-production waste.

Three individuals were indicted for violation of the Trading with the Enemy Act, and one of those persons, Albert Volpe, is a fugitive; the second, Alejo Peralta, was killed just before trial; and Salvador Ramirez, who was convicted, is now in jail.

One of the witnesses in that trial, Richard Bettini, an old Vesco associate, met Vesco in Cuba and was directed by Vesco to lease a warehouse where the goods were to be kept.

Senator HAWKINS. The events that you discuss center on a few individuals who coincidentally are Cuban or Nicaraguan officials. Would it be possible that these were just the actions of corrupt individuals?

Commissioner VON RAAB. I don't think so. From the first revelation of these activities and the involvement of Cuban and Nicaraguan officials—of course there have been denials of these charges—there has been no indication by either Government of investigations or of disciplinary actions. Vaughan is still affiliated with the Nicaraguan Interior Ministry. Uniformed Nicaraguan soldiers provided security for the operation. The principals freely entered Nicaragua. A Nicaraguan military-associated airfield is reportedly used in narcotics traffickings. And there were free aircraft overflights over Cuba.

I don't see, given those circumstances, that there is any way that high-level officials can get off the hook.

Senator HAWKINS. What do you believe are the Cuban and Nicaraguan motives for their involvement in drug trafficking in the first place?

Commissioner VON RAAB. Well, I thought that some of the analysis that you made in your opening statement was right on the mark. Like all crooks, they do it for money. In this case, they need hard currency—I guess they could print their own, but they need good U.S. cash. They like to have the potential use of smuggling resources and networks to transport arms and supplies to insurgent groups in the region. The same ships that are carrying arms in one direction are carrying drugs in the other.

They also need to obtain embargoed goods from the United States, and these would be supplied by traffickers with U.S. connections; and, of course, they have to have ways to get those goods to Cuba.

And lastly, and perhaps most important, they want to embarrass and corrupt democratic nations by contributing to the deterioration of Western society.

Senator HAWKINS. How did the Customs Service verify Herring's story about these events?

Commissioner VON RAAB. The techniques that Customs used to verify Herring's story were standard that we use when we are dealing with any informant or witness. We took several steps. We gave Herring a polygraph examination relative to his allegations; and, in the jargon of the trade, it reflected that there was no evidence of deception—in other words, the lie detector said that he was telling the truth.

We instituted an undercover operation and had Herring introduce his criminal associates to an undercover agent. This action resulted in eight convictions, giving us more reason to believe what he was saying.

The information provided was verified by other Customs investigators, specifically a Texas investigation which resulted in the seizure of over half a million dollars of technical equipment being smuggled to Cuba.

And, of course, we have used the usual tools of surveillance and checking with other sources, all of which corroborated Mr. Herring's testimony.

Senator HAWKINS. And you believe it?

Commissioner VON RAAB. Yes.

Senator HAWKINS. I'm fascinated with the proposition of using narcotics for exchange rather than U.S. dollars, possibly because Cuba is in short supply of U.S. dollars and has more drugs.

Commissioner VON RAAB. Well, as you are very much aware, the most effective technique that is employed by the Federal Government in pursuing and prosecuting these individuals is the financial investigation. The Customs Service and the IRS work jointly on this, and receive reports of all cash transactions over $10,000 at banks and at the border.

What this points up is the importance of the actual cash that is used in these activities. It is an enormous amount. Any action which would enable us to review the possession of cash in the hands of criminals obviously would aid our investigations. And therefore these reporting approaches that we now have, as well as any technique that would force the criminals to report their cash to us in order to get other cash in return would certainly put a kink in their operations for quite awhile.

Senator HAWKINS. You once told me how much—is it a million dollars in a——

Commissioner VON RAAB. A million dollars—it depends, if it's street money it's 100 pounds; if you are working in crisp $100 bills, it's 20 pounds.

Senator HAWKINS. What is the most common denomination of money that the drug criminals use? I notice the last two that we tracked in the bank, the criminals were hurriedly putting their money—old $100 bills.

Commissioner VON RAAB. Well, obviously, the largest available—and nothing over $100 is printed and actually in circulation, so $100 bills are the ones that they use, if they can get enough of them. They often have so much money that they are dealing with, that they have to settle for $50's or $20's.

Senator HAWKINS. Thank you very much, Commissioner. I am fascinated with your testimony, and we will distribute it to all members of the subcommittee. I told the President this morning I would send him a copy of it after you gave it today.

Commissioner VON RAAB. Thank you very much.

[Replies by Commissioner Von Raab to questions submitted by Senator Grassley:]

QUESTIONS FOR COMMISSIONER WILLIAM VON RAAB

QUESTIONS FROM SENATOR GRASSLEY:

Q - Commissioner von Raab, could you explain the strategic importance of Nicaragua to a drug smuggler?

A - Nicaragua is an ideal location for drug smugglers, especially by air. It affords a place where smugglers can refuel their planes in order to penetrate deeper into the United States, or to split their shipments into smaller planes which can hide among normal air traffic much more easily.

Q - Commissioner, you mentioned in your testimony that smuggler planes can enter a commercial air corridor and overfly Cuba without being challenged. Could you explain this?

A - We have learned through sources that it is common knowledge among air smugglers that if they enter a specific commercial air corridor over Cuba, at a certain altitude, and at a certain speed, that they will go unchallenged by the Cubans. They in effect signal the Cubans that they are drug smugglers headed for the United States.

Q - Commissioner, there was an announcement made recently about a tremendously successful program that Customs planned which was coordinated by the Vice President's office, a program called "Operation Blue Lightning." I understand that it targetted small boats and planes coming to the United States from the Caribbean, especially the Bahamas.

In your testimony you mention that drugs taken to small islands off the northern coast of Cuba are being run into the United States by small boats. First, will operations like "Blue Lightning" address this problem from Cuba? And second, do you plan to continue them?

A - For a two-week period in early April, the Customs Service was involved in an operation which we conceived and which has been coordinated by the Vice President's office. The operation, as you noted was called "Blue Lightning." It involved the unprecidented cooperation of the Bahamian government and numerous Federal and State law enforcement agencies, and resulted in the seizure of 5,500 pounds of cocaine, 22,000 pounds of marijuana, 18 boats, 1 aircraft and 2 vehicles, in addition to the arrest of 600 illegal immigrants.

In answer to the first part of your question, yes, I feel that this type of operation will significantly impede drug smuggling by private vessels coming from Carribbean locations, including Cuba. In answer to the second part of your question, I have already ordered my staff to draft plans to institutionalize this operation in some form, and I expect to approve a permanent operation of this sort at some time in the near future.

Senator HAWKINS. Our next witness is Mr. John Keeney, who is Deputy Assistant Attorney General for the Criminal Division of the Department of Justice.

We are pleased to have you with us, Mr. Keeney.

Mr. KEENEY. Thank you, Madame Chairman.

Senator HAWKINS. Mr. Keeney has been an integral part of the continuing effort of the Department of Justice to curb illegal drug trafficking. We are looking forward to hearing of the Justice Department effort.

STATEMENT OF JOHN KEENEY, DEPUTY ASSISTANT ATTORNEY GENERAL FOR THE CRIMINAL DIVISION, U.S. DEPARTMENT OF JUSTICE

Mr. KEENEY. Thank you, Madame Chairman. Madame Chairman and members of the subcommittee, I am pleased to be here today to discuss information which indicates the involvement of representatives of the Nicaraguan Government in drug trafficking.

Madame Chairman, as you know, the Department of Justice for some time had been reluctant to make available a witness in these proceedings because of the possible impact the testimony by a representative of the Department of Justice might have on pending matters.

My primary purpose here is to give the general background of a particular investigation and case, and in effect introduce the witnesses.

Limitations of grand jury secrecy and the interests of other investigations and cases and the security of personnel require that I will have to avoid discussing certain possibly related areas, and I would respectfully request that you respect that, Madame Chairman.

The investigation about which you will hear today was conducted by the U.S. attorney's office for the northern district of Florida in conjunction with the U.S. Customs Service. It was conducted by my colleague here, David McGee, an Assistant U.S. attorney for the northern district, who is on my right, attached to the Organized Crime Drug Enforcement Task Force, and by David Warren of the U.S. Customs Service, who is immediately behind me here.

The investigation dealt with a variety of cocaine transactions which were, with one exception, rather routine and in all likelihood of no significant interest to this subcommittee. The exception will, I believe, be of interest.

This transaction involved an apparent attempt by representatives of the Government of Nicaragua, with the assistance of Robert Vesco, to establish a cocaine distribution network which would operate both in Europe and the United States.

What the evidence gathered during this investigation suggests is that during 1983 Nicaraguan Government personnel attempted to make all the arrangements necessary to establish Nicaragua as a major cocaine exporter. Toward this end they developed a source of cocaine.

The evidence indicates that this source was a revolutionary guerrilla group operating in Colombia. The Nicaraguans attempted to establish a facility for cutting the cocaine. They brought Americans

into Nicaragua who were familiar with the techniques of cutting cocaine to assist in this process. Finally, they made contact with an established European drug dealer for the purpose of establishing a European network for the distribution of cocaine.

Our evidence indicates that once the necessary resources had been gathered, the Nicaraguans and their cohorts began the process of the distribution of cocaine.

The initial shipment of cocaine was provided by the Colombians directly to Frederico Vaughan and Capt. Paul Atha, both Nicaraguan Government personnel. Under the supervision of these men and the watchful eye of Nicaraguan soldiers who guarded the cocaine and assisted in packing it for shipment, the cocaine was shipped to Europe for sale. The funds derived from these drug transactions were, according to at least one eyewitness, returned to Nicaragua by Nicaraguan diplomatic personnel.

During the course of the investigations of these events, a great deal of evidence has been amassed which confirms the involvement of Nicaraguans in cocaine trafficking.

Obviously there is much that we cannot reveal in these hearings. However, you will hear later today from two witnesses who are intimately familiar with the involvement of the Nicaraguans in the cocaine business.

The first of these witnesses is Mr. James Herring. Mr. Herring is the American who was asked to come to Nicaragua to assist in cutting and packaging the cocaine. In the course of his activities, Mr. Herring became acquainted with the details of the cocaine deal, with the Nicaraguans involved and with Robert Vesco. Unlike others, however, Mr. Herring began to have qualms about who and what he was involved with. He began to look for ways to put an end to these activities. At first he straddled the fence; then he continued his involvement, but at the same time he began to funnel information to the U.S. Government. Finally, in the summer of 1983, he began total cooperation with the U.S. Government. His cooperation included extensive undercover work. Mr. Herring became involved in a variety of investigations on behalf of the U.S. Government. In each of these investigations his credibility was tested by the investigators and attorneys involved in the case. In each instance, Mr. Herring has proved to be both a credible and an objective source.

The second witness you will hear from today uses the name of Dekker. Mr. Dekker was a large-scale European hashish trafficker who had fled to the Bahamas. There he also met Robert Vesco. His relationship with Vesco led to his being asked to invest in this cocaine transaction and to provide the European network which would distribute this cocaine and future loads.

In that role, Mr. Dekker dealt directly with the Nicaraguan Government personnel and was present when money derived from the cocaine sales was delivered to Nicaraguan diplomatic personnel for return to Nicaragua. Mr. Dekker was subsequently apprehended by Special Agent Warren in a related case. He is now serving a term in Federal prison.

We believe Dekker to be credible in this case because much of his testimony is corroborated by the independent testimony of

other witnesses and by the tangible evidence which the investigation has gathered.

In conclusion, Madame Chairman, let me say that this investigation did not set out to implicate the Nicaraguan Government in any illegal activity. The Nicaraguans were not targeted. Nevertheless, we feel that we have uncovered strong evidence that high officials of the Nicaraguan Government were indeed involved in the international cocaine traffic.

Madame Chairman, that concludes my prepared statement.

Senator HAWKINS. Thank you, Mr. Keeney. Has information supplied to the Justice Department by James Herring been reliable, in your opinion?

Mr. KEENEY. We have found it to be so, yes.

Senator HAWKINS. And how many individuals have been indicted or convicted through intelligence supplied by Mr. Herring?

Mr. KEENEY. I would defer to my colleague, Mr. McGee. He said there are eight convictions, Madame Chairman.

Senator HAWKINS. And you believe he has been carefully checked out?

Mr. KEENEY. We believe he has been carefully checked out; he has been followed carefully by the Customs Service and by the U.S. attorney's office. They have corroborated him to the extent that they could possibly corroborate him, and, to the extent that we can corroborate people in this type of situation, we are satisfied that he is a reliable witness.

Senator HAWKINS. Thank you very much, and I want to compliment the Justice Department for cooperating with us in this hearing. I have written a letter to Mr. Meese thanking him for your participation also.

Mr. KEENEY. Thank you, Madame Chairman.

Senator HAWKINS. Our next witness will be Mr. James Herring.

[Witness duly sworn.]

Mr. Herring, we have heard a lot about you this morning. I believe your testimony will provide information that will be a shock to a great many people, revealing as it does the direct involvement of Robert Vesco and the Governments of Nicaragua and Cuba in illegal drug traffic destined for the United States.

We really thank you for participating with us here today. Do you have a statement?

STATEMENT OF JAMES HERRING

Mr. HERRING. Yes, briefly. Good day, my name is James A. Herring, Jr. I have been asked to testify here today about my firsthand knowledge of narcotics trafficking and high-tech smuggling by Cuba, Nicaraga, and Robert Vesco.

I hope, Madame Chairman, that you and the members of this subcommittee will excuse my references to my notes, and any flaws in my speaking today, for I am not used to public speaking.

I would like to say from the start that my testimony is given freely, in no way coerced. Although I have been previously engaged in narcotics smuggling and trafficking, I voluntarily, with no charges or threat of prosecution came forward to work as a Government operative.

At this time I would like to outline in brief for you how I came to work with Robert Vesco, the Nicaraguan and Cuban Governments, in drugs and high-tech smuggling.

A good starting place would be a company that I started by the name of Everything Goes, Inc.

Senator HAWKINS. Everything Goes is the name of your company?

Mr. HERRING. Yes. It was a procurement company with a concept of being able to locate hard-to-find items for individuals; Eventually, Mr. Jitze Kooistra became a client. He was a fugitive drug dealer from Europe living in the Bahamas. Eventually he introduced me to a gentleman by the name of Angelo, who is Robert Vesco's righthand man.

Angelo eventually asked me to procure certain items for him, for Vesco, and I did so, worked my way into his confidence and was able to be of use to him and Robert Vesco.

Eventually there came a point in time where Angelo came to me and asked me to go to Managua, Nicaragua. I was to do this to help coordinate with the Nicaraguan Government a cocaine operation; they wanted me to go down and take a look at some airstrips, give them some advice on setting up a cocaine-cutting lab, and walk over the airstrips, find out what types of planes would fly into these airstrips, et cetera.

I went down with Angelo, flew into Managua, was escorted by Frederico Vaughan to a Government plane, flown down to this area, and essentially gave them all the advice that they needed to set up an airstrip and a cocaine-cutting lab.

At that point in time, the drugs that they were going to be bringing in to Nicaragua, using that as a staging area, would have come from Bolivia. However, later on this changed. Later on the drugs were to come from Colombia. The Bolivian connection pretty much was scrubbed—the distance was too far. And after Frederico Vaughan going down to Bolivia to check out what kind of details would be entailed in bringing the cocaine up, it was pretty much scratched because of the distance.

Senator HAWKINS. This is 1982?

Mr. HERRING. This would be 1983.

Senator HAWKINS. All right.

Mr. HERRING. When Angelo and myself flew down to Managua on the first trip, we were greeted by Frederico Vaughan and a comandante—the only name that I ever heard him called other than "Comandante" or "Captain" was Paul. We flew down on Aeronica, as I said, and were escorted by Frederico Vaughan and various intelligence officers throughout our stay.

I might add that at no time while we were there looking over the rice plantation where they flew me—this is where the airstrip was that they initially had planned to bring the cocaine into and set the cocaine-cutting lab up on that particular premise. It was a rice farm that had been confiscated from the Somoza family when the Sandinistas took over.

There was no attempt at any time to disguise the reason I was there nor the reason that Angelo was there. It was clearly an attempt to set up a cocaine operation, and there were armed guards

around at all times, giving us security; we were treated very well, and anything we wanted we got.

We flew back to Managua after inspecting this site, and I dined that night with Frederico Vaughan, Angelo, and the comandante at his house. We openly discussed the operation, and upon leaving Nicaragua for the first trip, it was my understanding that they were going to have Frederico Vaughan go to Bolivia and check out the details of bringing the cocaine into Nicaragua from Bolivia.

The second trip came after I was informed that the Bolivian contact for cocaine would not be utilized; however, they still would like to have my services in cutting the cocaine, packaging it, and exporting it. They had already found another source for their cocaine in Colombia, and all they wanted me to do was handle the details of the cutting and packaging.

My next assignment from Angelo was to acquire the chemicals utilized to cut the cocaine, and any paraphernalia I needed.

After acquiring all of the chemicals and all of the paraphernalia that I needed for the operation, myself and Angelo flew back down to Managua. It was my understanding at that time we would have an opportunity to look at the cocaine, and this did not happen; there were some technicalities that came up and the cocaine was not there. They were still in negotiations with the Colombians as to how it would work. However, I was able to take the chemicals down; we were greeted by the comandante, various soldiers and intelligence people—they ushered us through, we never had to go through customs. We would take the trunk—it was picked up by soldiers, it was escorted away in a military vehicle, taken to the comandante's house and stored.

Along with the chemicals utilized to cut cocaine, as I said, are drug paraphernalia and several weapons that were requested by some of the Sandinista officials, Robert Vesco, his bodyguard, Junco, and others. There was no massive number of guns; however, they was just individual guns, more or less gifts to these particular dignitaries.

After staying a few days and finding out that when they did get the cocaine in that they wanted to utilize the comandante's house rather than the facilities at the small airstrip that I had previously visited—it seemed very adequate, there was proper conditions for the lab, I was satisfied that I would have no problem utilizing that facility as soon as the operation were to begin.

After that we flew back to Florida.

The third trip that I was down in Managua I was told that the cocaine was coming in. I was to utilize a gentleman by the name of Core, who was a Dutch national; he had a marine winch company, or salvage company, and he could supply a marine winch, and that would be the vehicle for which the drug would be packed in the casing and sent back to Europe.

Senator HAWKINS. A winch, like a—a marine winch?

Mr. HERRING. A salvage winch, a large salvage winch, probably 4 or 5 tons, to utilize for pulling boats off the bottom of the ocean, or any type of marine salvage that might be necessary.

This gentleman, Core, was a Dutch national, and he evidently had plenty of access to marine salvage equipment.

I met with Core in south Florida, and we flew to Nassau. At that point I picked up a considerable amount of cash from Mr. Kooistra's attorney—this was to be Mr. Kooistra's portion of the initial buy; it was not to be a very large buy, 25 or 30 kilos—they wanted to try an initial test run before they graduated into 50-, 100-, 500-kilo shipments.

Senator HAWKINS. This was U.S. money?

Mr. HERRING. U.S. money, yes. I picked up this cash, and, upon picking it up, a private jet, a Hawker-Sidley, was sent by Robert Vesco to pick up myself and this Dutch national to rendezvous with Angelo, who is Robert Vesco's righthand man, in Managua. Robert Vesco was also there, along with the comandante, Frederico Vaughan, and——.

Senator HAWKINS. This is the Frederico Vaughan who is the deputy to Tomas Borge, the Minister of Interior in Nicaragua?

Mr. HERRING. Yes, it is. In fact, on one occasion, I had the opportunity, while walking with Frederico Vaughan, to meet Tomas Borge, and he introduced me and told Tomas Borge that I was down there to help them with their project. He shook my hand and said thank you, we appreciate your help—and carried on. This happened in the Intercontinental Hotel in Managua.

As I say, we flew back to Managua from Nassau. I had the cash, and, of course, Core was going as a technical assistant with the winch. The winch was en route from Amsterdam to Managua. It had not arrived in Managua when we first arrived there, so we were put up at the Managua Intercontinental Hotel awaiting the arrival of the winch; and, of course, as soon as the winch had arrived, the Colombians would bring in the cocaine that we were purchasing.

I might add that the money utilized to purchase this cocaine was to be money from Jitze Kooistra and also Robert Vesco. The Sandinistas were providing security for the cutting and security for any other portion of the operation This was done so in the form of uniformed soldiers, gun-carrying soldiers.

Eventually the winch came in; after several days of waiting around down there, it was shipped in. It was an enormous winch, and it was loaded and delivered to the residence of the comandante on the back of an army truck, a military style type of deuce and a half.

When the winch got there, things started to happen fairly fast then. We had to take the winch cover off, get it prepared, ready to load the cocaine after it had been cut. I was summoned to the comandante's house to start the process. As I arrived there, everyone was kind of breaking up from the exchange of the money, the meeting was pretty much come to an end, the cocaine had been delivered, the money had been transacted by Robert Vesco, Frederico Vaughan, the comandante, Angelo, and there were a few of the other intelligence people around at that point in time.

The cocaine was taken in two large plastic garbage cans to the rear of the house in one of the bedrooms. I had an opportonity at that time to go down the hall towards it, and, as I turned around, I witnessed all of these individuals leaving to go take the Colombians to the airport. This was the only time that I saw this particular

Colombian; later it was told to me that this was Ricardo Ochoa, a Colombian.

I proceeded to the room where the cocaine was and where, at a previous date, the cocaine cut and the materials that I had taken down there to utilize in the cutting operation were stored. It was a nice house, and all the facilities that I needed were there, enough table space and everything. I proceeded to cut the cocaine.

Angelo stated that he would be back shortly and give me a hand, if I needed any help, needed any hands to help me, assured me that there was plenty of protection outside the house, there were uniformed guards at each door and at the gate. Just outside in the courtyard the winch had already been disassembled, and it was awaiting the cocaine to be packaged in it.

I proceeded to cut the cocaine, and I came to a point in time while in the cutting operation that I needed a pair of scissors I didn't have in that room. So I proceeded to the comandante's office where we had had several meetings before, and I figured he would have those implements there in his office. I thought that Robert Vesco had gone to the airport with the rest of the crew; he was not, he was on the telephone there in the comandante's office. I walked in, told him what I was there looking for, and we both rummaged the drawers, and I finally found them.

While we were doing this I overheard a phone call about the operation that was going on in Brownsville, TX. It was foreign to me at that time; I didn't know anything about what was going on in Brownsville, TX, but he was having some problems in Brownsville, but was being assured that the equipment that was at that site would be released, and that it was just a matter of a few days. Later on, this information, after conferring with Angelo in a prying way, if I could help in anything that was going on in Brownsville, TX, I'd like to, I come to find out what the material that was there and that it was being held and they felt very confident it was going to be released. After I came back, of course, and funneled information to the Government, I understand that it led to a larger scale operation. While I was in there talking with Robert Vesco and looking for these scissors, he asked me a couple of times how the operation is going, are you coming along OK? I mean, he had considerable knowledge about what was going on back there and he was just conducting other business while there.

After the cocaine was cut, there was approximately 25 or 27 kilos, it was cut up to about 33 kilos. As soon as it was processed and packaged, sealed, seal-a-meal air-pressured, pressure bags were airtight, we loaded it, myself, Coor, and several of the Nicaraguan soldiers assisted us—we loaded the cocaine into the winch. Frederico Vaughan said that the cocaine sales would be made fairly fast in Europe by Jitze Kooistra, and, of course, the moneys that the Nicaraguans were getting out of this would go into their economy.

The winch was taken off by an army truck after we finally completed packing all of it. And I was under the understanding that it was to be shipped back to Europe via Iberia Airlines.

I returned to the United States and I made one other trip to Managua later on, but it was not in the duty of cutting cocaine. I thought I was going down there for another load, but it turned out to be otherwise.

During the period of time that all of this was going on—it was a period of about 6 months—I also was involved in repeated trips to Cuba, for various reasons, whether it had been to haul high-tech equipment, guns, radios, or discuss different operations, such as theft of airplanes and other things, acquiring shotguns for Honduras, just various things that Robert Vesco would have on his shopping list for the day.

When I would go down to Cuba—I sailed down there three times, the first time was on a trawler, myself, Angelo, and a gentleman by the name of Charlie went down. We were intercepted by a Cuban gunboat with Robert Vesco, his bodyguard, whose name was Junco, an intelligence guy who worked with the DGI by the name of Jesus, and several other DGI and military staff on the gunboat.

Senator HAWKINS. Vesco was on the gunboat?

Mr. HERRING. Yes. Two different occasions I had witnessed him on a gunboat—nice yacht.

The gunboat would come out—supposedly the way it would work, we would take the goods down and as soon as we got within certain mileage of the territorial waters of Cuba, they would come out like it was a seizure, escort us in to their port, onload the boat, let us stay as long as we wanted, refuel our boat, and then we would return.

At this time—this was the first trip that I made—like I say, it was with Angelo and a gentleman by the name of Charlie. The way I got in on the trip is that the captain that they originally had had backed out at the last moment because of high seas and possibility of detection because of a buildup of U.S. military in the Caribbean. He had taken the job on obviously not knowing all of that at the time, and he backed out. And as a last minute move, Angelo came to me and asked me if I could find someone. I agreed to do it just on a fluke and try to gather intelligence that could be funneled back to the Government, because I could see that this thing was no longer just a drug operation, it was getting into high technology; the equipment that was on the boat was stuff clearly not for personal use; it was a multiple of computers, radios, sophisticated equipment, a lot of manuals, and different types of equipment that could be utilized against the United States.

We would signal the gunboat by radio—we had our call name. We would fly a flag, a diver's flag, from our antenna—that's the way they recognized me. The first trip was very successful, the stuff was off-loaded, we returned to Florida undetected, no problems. The boat that was utilized was a leased boat out of south Florida, approximately a 45-foot trawler.

The people that would meet the boat and unload it were people from the intelligence circles of Cuba, and also some uniformed people who seemed to be something like sailors or recruits of a sort—they wore blue uniforms. And we were always escorted to Government housing in the Veradera Beach area where we very comfortably wined and dined and openly discussed the operation and any future needs of the Cuban Government.

In future trips, of course, the pay for this was $8,000 per trip. It wasn't to make money as much as it was to gather intelligence, and on various occasions they would constantly hit us with trying to get us to take drugs in place of U.S. currency, stating that they

like to hold on to their U.S. currency for other activities They had an abundance of U.S. currency with them when they would offer us that, drugs in return. Because I was gathering intelligence at the time, I chose to stick with just currency. They would refuel the boat, and we would go back.

Senator HAWKINS. How much did they pay you?

Mr. HERRING. $8,000 per trip.

Senator HAWKINS. $8,000 per trip.

Mr. HERRING. Plus they would fuel the boat.

This was really a bargain-basement price, to be frank with you, and the purpose for doing that, like I say, for that little amount of money was to gather intelligence. There were middlemen, such as Robert Vesco and this gentleman, Angelo, that were getting considerable amounts more than I was getting just for doing the actual captaining of the boat down there.

Because of this, on several instances, I would have the intelligence people try to cut Robert Vesco and Angelo out of the action; they would try to make direct contact with me, wanting me to give them phone numbers and ways of contacting me in the United States. That way they could cut out Robert Vesco, they could cut out Angelo, and be able to go directly to the source with probably a lot less money. They also felt that eventually they would be able to coerce me into taking drugs rather than cash, because I had not actively said "No I won't do it—we'll talk about it later."

I met Robert Vesco down there several times--two times on boat trips, and one time on a flight down there where I flew into Havana, Cuba, stayed at a Government house there in Havana near Robert Vesco's house. We discussed everything from acquiring 1,000 riot shotguns that he needed for somebody in Tegucigalpa, Honduras, to stealing a Jet Star aircraft through a seizure plan of having the American aircraft fly down—it was a chartered jet, a very luxury type jet—fly from Florida down to Nicaragua on a stand-up type lease to be utilized by businessmen in Managua or someone go down to Costa Rica. When that would happen, they were going to plant some guns or drugs on the plane, seize it—the Nicaraguans would seize it, kick the pilots out, send them back to the United States, tell them never to come back again, and they've got a $3 million aircraft for about $50,000 to $100,000. At that point in time they were going to turn it over to Robert Vesco and Fidel Castro for their use. This was another trip.

In total, I made four trips to Cuba and four trips to Nicaragua. At all times I was escorted and treated very well by dignitaries from both Governments. I saw Robert Vesco both in Nicaragua and in Cuba several times.

The intelligence people that would surround Robert Vesco in Cuba, the first one was named Jesus; he was a very intelligent man, spoke fantastic English, unlike a lot of broken English—he was even familiar with slang terms, talked about the United States and different cities in the United States as though he had visited them many times. He was very intelligent about the United States and the people in the United States.

On another occasion, the one that pressed the hardest to try to cut out Robert Vesco and Angelo, his contact, and go directly to me to do the bidding in the future was named Nelson. He talked very,

very much about New York City like he had lived there quite a bit; spoke fantastic English. Every time we would go out to one of the clubs, we would always be ushered to the front of the line no matter how many tourists, whether they be Russians or Canadians or just people in the area—we would be ushered to VIP areas; they would not let us spend any money, everything was signed with him signing a check "INTEL-3."

Senator HAWKINS. "INTEL-3?"

Mr. HERRING. "INTEL-3."

Senator HAWKINS. Is that a DGI agent?

Mr. HERRING. I understood that he was with the DGI, and that was evidently his ranking, would be INTEL-3; that's what I assumed at that time.

Senator HAWKINS. Nelson, too?

Mr. HERRING. Yes. Nelson was his first name.

This concludes a brief outline of my activities down there. I would be glad to answer any questions for you. I also have some pictures that I took while I was in Cuba on one occasion. I took a camera along—this was about the second or third trip. They always searched my boat fairly carefully, and I always noticed they were looking for cameras or anything like that. I never would take one. But on this occasion I left a small "Instamatic" camera in one of the hidden compartments in the boat. I didn't touch it until we were disembarking.

The boat on the top—you can see a bay—it's not a very good camera, but the boat on the top is called the *Picasso.* This was the boat that was utilized on my third trip down there to rendezvous with me and escort me into the harbor area where they would do the off-loading near Veradera Beach.

The bottom picture I took as we were going out of the harbor. You have to look very close, but there is a Cuban gunboat right over here, Cuban gunboat No. 203. It is docked just behind the off-loading area that would be utilized down there. Needless to say, they did not know these photographs were taken; they were escorting us in a boat in front of us.

I have a few other photographs here of some of the type of equipment that was taken down on these runs, if you would like to review them.

Senator HAWKINS. Certainly.

Mr. HERRING. Some Granger radios, North Star computers, things of this nature.

Senator HAWKINS. Can you hold those up and tell me what each one is?

Mr. HERRING. This one here is a Granger radio. It's a satellite type radio operation. And when I would take stuff down there, I would hold back certain items from the shipment so that some of this merchandise couldn't actually be put together; in other words, I would take the radio and hold another radio back—hold back the co-ax, hold back the antenna system, something to impede the use of this, any time that I could.

This, like I say, was a Granger—this is the front of it. And in the background you can see two large satellite type dishes that would be utilized as an antenna system. This is basically the same picture. This is a mini-storage area that I would put the stuff after

picking it up from their storage areas prior to taking it to the boat. My excuse would be that we didn't have enough room on the boat; I had to store some of this stuff back.

This is a partner of mine that I was utilizing to funnel information to the Government; his name is Linwood Moore. I took this picture of him going over some of the manuals while we were trying to decide what we would leave back rather than take down on the next trip.

As you can see, there are cartons of Granger associates types of equipment, manuals. There are other pictures—I think U.S. Customs might have some of them—of the North Star computers and other equipment.

Senator HAWKINS. Thank you, Mr. Herring. I have some pictures I'd like to show you and see if you can identify any people.

I recently had these pictures declassified, some intelligence we used in a hearing.

Do you recognize any people there besides the soldiers?

Mr. HERRING. This is Frederico Vaughan on this side here.

Senator HAWKINS. Who is the assistant to Tomas Borge, the minister of interior?

Mr. HERRING. Yes. He is the only one that I can clearly identify in the picture.

Senator HAWKINS. That photograph was taken in Nicaragua, and they are loading a plane.

Mr. HERRING. This gentleman here is a Colombian—I do not know his name; I saw him one time on a trip to Nicaragua. However, I do not know his name—this gentleman here. I do not see anybody else that I recognize.

This again is a Colombian

Senator HAWKINS. Pablo Escobar? Have you met him?

Mr. HERRING. I have seen him down there; I didn't know his name at the time. All I know is that they referred to him as "the Colombian."

Senator HAWKINS. Thank you. Could you tell us about the sketch we have up here?

Mr. HERRING. The sketch fairly closely resembles the last meeting I had with Robert Vesco, his appearance. He had a Greek fisherman's hat on, but that very, very closely resembles what he looked like the last time I saw him. He had grown a beard much resembling Fidel Castro's, a very scraggly type beard, very weathered look; he's about 6 foot 3, 6 foot 4, and medium build. His hair is graying, and he looks weathered.

Senator HAWKINS. Do you believe that the cocaine trafficking operation was a Government initiative or the action of a few corrupt individuals in Nicaragua?

Mr. HERRING. I think it was a Government-initiated thing; I think it was to gain dollars for the economy of Nicaragua.

Senator HAWKINS. Were you ever told what the narcotics profits would be used for?

Mr. HERRING. I was told that they would be entered into their economy to help their cause.

Senator HAWKINS. Could you tell us the route of the cocaine to Europe?

Mr. HERRING. Initially the cocaine would have come out of Bolivia; however, because of the distance and some problems in diplomatic immunity, being not adhered to in certain cases in different places, they chose to utilize a group of guerrilla fighters that were manufacturing cocaine in Colombia. They stated that they were guerrillas having their own struggle down there and they were utilizing cocaine to finance their fight.

And so the Sandinistas chose to utilize their contacts there. It was much closer to bring the cocaine from Colombia anyway, and a much more secured airspace.

Senator HAWKINS. Were diplomatic posts ever used to facilitate the drugs and money?

Mr. HERRING. The money.

Senator HAWKINS. The money.

Mr. HERRING. In my dealings, the only time I noted diplomatic immunity being utilized was with the money. I am sure that Government airplanes and airspace was controlled bringing the money—I mean, excuse me, the drugs—up from Colombia into Nicaragua.

Senator HAWKINS. Did you know how the cocaine was originally supposed to be brought in from Bolivia? You stated that originally——

Mr. HERRING. Originally from Bolivia it was to be brought in—Frederico Vaughan went down to research that, hoping to be able to utilize diplomatic immunity, such as cases with diplomatic stamps on them, to get them through where they would not have to go through any customs at all. He went down and researched it, and something happened along the way, whether it was in Panama or one of the other countries—the diplomatic immunity was not recognized. Thus they thought it was too much of a risk to utilize Bolivia, being that far off, and with that one or two complications. Bolivia is a considerable distance; without jets it would be difficult to do it in just one hop—you would have to come through Panama or somewhere north of Bolivia.

Senator HAWKINS. You stated that a Colombian by the name of Ochoa provided the cocaine. Did he ever say what he was using the profits for from the cocaine?

Mr. HERRING. His profits were to be used to finance the fight that he had going on in Colombia. I didn't know the name of his group, and to this time, until today, I did not know that name. All I understood, they were a bunch of guerrillas that manufactured cocaine and utilized the profits of it to finance their regime.

Senator HAWKINS. And you stayed at the Intercontinental Hotel in Managua?

Mr. HERRING. In Managua. I have a picture, if you would like.

Senator HAWKINS. And, Frederico Vaughan, or Jesus, and Nelson, signed your bill, signed your expenses?

Mr. HERRING. I beg your pardon?

Senator HAWKINS. Who signed your checks?

Mr. HERRING. Frederico Vaughan took care of all of my expenses while I was in Nicaragua.

Senator HAWKINS. Frederico Vaughan.

Mr. HERRING. This is a postcard of the Intercontinental Hotel in Managua.

Senator HAWKINS. Where is Vesco living today?

Mr. HERRING. To the best of my knowledge, he is still in Cuba. I have no firsthand knowledge of that in recent months, but the last time I saw him he was in Cuba.

Senator HAWKINS. And that was in?

Mr. HERRING. 1983, June

Senator HAWKINS. I believe you stated that you had no problem in getting by the Cuban Navy when you were entering with your ship from Florida.

Mr. HERRING. It wasn't a matter of getting by with it; it was a matter of rendezvousing with them.

Senator HAWKINS. How did you pay for the ship that you took to—the *Picasso*, did you say the name of your ship was the *Picasso*?

Mr. HERRING. No, the name of my ship was the *Charisma*. The first trip down there was done with a leased boat that was leased in south Florida by Angelo. I don't have any knowledge of who he leased it from or how much he paid for the boat.

The other trips were made with my boat, the *Charisma*. Or I made one, and then the boat was seized in Key Largo, loaded and ready to go again, by U.S. Customs officers.

Senator HAWKINS. I believe you stated that you brought a lot of embargoed equipment into Cuba.

Mr. HERRING. Yes.

Senator HAWKINS. And they paid you in cash?

Mr. HERRING. Yes. $100 bills.

Senator HAWKINS. Old ones or new ones?

Mr. HERRING. They were used; they weren't crisp. In fact, at one point in time, in trying to convince me to take drugs in lieu of cash, they opened up a little canvas bag—Junco, who is a DGI bodyguard for Robert Vesco, opened up a little canvas bag and showed multiple rolls of $100 bills that big; he said we have got plenty of U.S. currency to pay you with, but we had rather pay you in drugs, do you think we can work something out? And, of course, I would stall them, tell them maybe at a later date, and I would take the cash.

Senator HAWKINS. Who refueled your ship?

Mr. HERRING. They would do it right there at the gunboat site; in fact, the same fuel trucks that fueled the gunboat, the Cuban gunboat, would fuel the boats that we would take in there

Senator HAWKINS. Who offloaded your ship?

Mr. HERRING. Cuban soldiers and intelligence people—intelligence people and some of the uniformed, looked like sailors.

Senator HAWKINS. Did they tell you anything about Cuban agents entering the United States?

Mr. HERRING. No; they spoke very freely about the United States. They could not have done so unless they had actually been in the United States. My partner, Linwood Moore, at one time spent some time in New York City, and he and Nelson conversed considerable about the city and different areas, and he was very intelligent in what goes on in New York and different areas—and also the streets and the areas. He could not have done that without having gone to New York.

Senator HAWKINS. He was a Cuban, however?

Mr. HERRING. He was a Cuban, but you couldn't tell it in his English; he spoke perfect English.

Senator HAWKINS. Thank you very much, Mr. Herring. We appreciate your contribution to this effort. We will be in touch with you, I'm sure.

Mr. HERRING. I would be glad to help in any way I can.

Senator HAWKINS. Thank you very much. Oh, hello, Senator.

Senator PELL. I just wanted to congratulate you, Madame Chairman, in holding this hearing, and say I was here and wish you well.

Senator HAWKINS. Thank you very much for coming, Senator Pell.

Our last witness is a European, who, for reasons of security, must have his appearance concealed. During the past decade he was a major Interpol fugitive, the most wanted criminal in his home country and an international narcotics trafficker. He is now in Federal prison. Because his case was plea-bargained, none of the facts relating to Nicaraguan Government drug trafficking have ever been made public.

For reasons of security, he will be identified by his nickname, "Dekker," and we will have him escorted in at this time. We also will use a scrambled mike

[Witness escorted in.]

[Witness duly sworn.]

Do you have a statement?

STATEMENT OF "DEKKER"

Mr. DEKKER. Yes; first I would like to thank the Senator for her permission to let me have this hearing, and I hope that if there are any language problems that you will excuse me.

Would you like me to go on with the beginning of the story?

Senator HAWKINS. Please, go ahead.

Mr. DEKKER. I have to go back awhile to come to the connection of Mr. Vesco and the Nicaraguan Government. I met Mr. Vesco in 1978 for the first time. After that there were several meetings in the Bahamas, which had nothing to do with any drug trades or anything; they were just—he was trying to sell his personal properties.

I met Mr. Vesco again—in the last meeting in the Bahamas I was introduced to Mr. Angelo by Mr. Vesco, who was his personal assistant. We exchanged telephone numbers. I lost sight of both gentlemen for awhile, till in 1982, in Antigua, accidentally I met Mr. Vesco again. He had the police department raid my boat with my wife and child in jail—and while I was in Paris at that time, he told me to call a number, and I called the commissioner of police; and he found that Antigua was his private preserve, and I shouldn't be there. For a small donation and a promise to leave the island, I could leave.

After that, a couple of months, I connected with Mr. Angelo—you asked me some questions about that. We had a meeting in the Omni Hotel in Miami, and we discussed at that time that there was a shopping list available from the Cuban Government for several sorts of equipment. He had a minor list himself, but he said at

that time that there was a list for heavy equipment and other technical equipment available which he couldn't deliver; if I would be interested in a partnership.

Our first adventure with the Cuban Government on that was on Caterpillar equipment, and on computers. The Caterpillar equipment, after three or four trips from [inaudible] in Cuba, the gentleman who went down there came back with a notification that the Cuban Government wanted an LC for a year. I even was able to arrange that, but the deal finally fell through because he cut the profits to the bone.

Then he came back with a suggestion of computers. At that time, Angelo and me became kind of irritated and called Mr. Vesco and said, "Look, I'm out a hundred thousand already, please, what do you want? We want a contract or we want to see some money."

At that time he just called us and said that he was going to send somebody to meet us. The first meeting occurred between Frederico and Angelo without my being there. Both of the gentlemen came to Europe. At that time the suggestion was made that a trading company would be set up in Brussels; this trading country would handle as well Nicaraguan as Cuban business, and at the same time they would be highly interested and asked me if I could move cocaine in Europe.

I said yes simply, and we made arrangements to start this business. At that time Mr. Herring came in the picture—both of us didn't know anything about cocaine. So we sent Mr. Herring down there to check out the material, if it was pure or not pure. The material was sent, received. On selling there was quite a bit of problems with it. And after 3 months, Mr. Vaughan did not have any money. So he decided to call us. So he said, "Look, I mean, it's about time I get paid something"—it's kind of a threatening call actually to Mr. Angelo. Mr. Angelo called Vesco, Vesco called Nicaragua, and Frederico Vaughan arrived in Brussels about September 1983, checked in the Metropole Hotel, where we had several meetings.

He didn't seem to be that upset about not receiving any money. At that time we promised him 300,000 Dutch gilders and $100,000 in U.S. currency.

While the $100,000 he received practically immediately, the 300,000 gilders came on the end of his stay. Mr. Angelo stayed only the first 7 days, and left after that. Mr. Vaughan moved into the Hilton Hotel with me. When receiving his 300,000, he said I am going to fly to Madrid. I said, "Well, not with the money. There are three countries in Europe where you cannot take in or take out money—France, Italy, Spain."

So he said, "Well, what are we going to do"? I said, "Well, you can leave it with me". He said I got a better suggestion, picked up the phone, called the Nicaraguan Embassy, made an appointment with the Ambassador for lunch at Les Brasseries by the next day, 2 o'clock.

So at 2 o'clock next day, Mr. Angelo—Mr. Vaughan went downstairs to have lunch with the Ambassador. I was to stay in my room, and when they were finished with lunch, he would call me. The money was in my box; I went downstairs, picked up the money out of the box, walked in the Brasseries, was introduced to the Am-

bassador, gave the money to Frederico who handed it to the Ambassador.

The first $100,000 was spent on—a great part was spent on—he bought 10 Rolex watches, one for Mr. Ortega—I don't know which one, one for [assorted] Cabinet Ministers and their wives. Apparently he liked Rolexes.

In short, that was the major story. Perhaps you would ask some questions. I can't read my notes, because——.

Senator HAWKINS. We are here to protect you, and I appreciate your coming under great risk, which is why we scrambled your microphone.

Let me sum up what I feel you've said, and you add anything that you feel I've missed.

You stated you have known and worked closely with Robert Vesco for a number of years.

Mr. DEKKER. I know the gentleman since 1978.

Senator HAWKINS. Since 1978.

Mr. DEKKER. Right.

Senator HAWKINS. Vesco told you that he is living in Havana as a guest of the Cuban Government?

Mr. DEKKER. His egomania—he told me once that he runs the central bank.

Senator HAWKINS. He has a big ego, doesn't he.

Mr. DEKKER. Yes.

Senator HAWKINS. You stated that you worked closely with Frederico Vaughan, who is a senior Nicaraguan Government aide, in smuggling cocaine from Nicaragua to Europe in a marine winch?

Mr. DEKKER. I didn't say that—that's what you said. It was smuggled to Europe, yes.

Senator HAWKINS. The Nicaraguan Government Minister of Agriculture, Jaime Guillot, planned to cultivate marijuana?

Mr. DEKKER. Yes, I will come back to that. While we spent 10 days, Mr. Angelo was gone, Vaughan and I spent 10 days, actually 24 hours a day, together. On that several suggestions were made. I was not too happy with the cocaine trade profitwise or difficultywise; it was not an interesting position. He said marijuana; I said convert it into hashish would be much better.

After some phone calls to Nicaragua, that would be made possible for me any amount of land, labor, if I would deliver the expertise to produce the plants, convert it into hashish, which is much easier for shipping than marijuana.

Senator HAWKINS. Drug profits were to provide needed hard currency for the Government of Nicaragua?

Mr. DEKKER. Oh, definitely; we had a long, long—they can't help be political, so we had a long discussion about their Government and what they were doing, and their major point of saying why they would go heavily in the drug trade was that, as well as not only the U.S. Government, but most European governments, except Spain and France, I think, were cutting their foreign aid to minimal amounts.

Senator HAWKINS. The Nicaraguan Ambassador to Madrid, I believe you said——

Mr. DEKKER. No, no, in Brussels. He was on his way to Madrid, and I told him it was impossible to travel because of the money he

carried, because there is a foreign currency restriction in those three countries.

Senator HAWKINS. How did you meet Frederico Vaughan?

Mr. DEKKER. Frederico Vaughan was after we called Mr. Vesco with the saying—how do you say it in English?—with the message that I am out $100,000 in research for his foolish projects, and I am not getting any happier. He sent us Mr. Frederico Vaughan.

Senator HAWKINS. Did you know he was representing the Nicaraguan Government?

Mr. DEKKER. Oh, yes, that was made clear on all trips as well as to Cuba, whoever was sent never had to enter customs, immigrations, would be directly picked up from the airplane. And I don't think I could call any government in the world and say, "Hey, pick this man up," without having the political pull. I knew he was connected with the agricultural department; he had a large information [inaudible]; he made visits to Germany, Belgium, France, to discuss the husbandry of livestock.

Senator HAWKINS. What government officials did you know that Vaughan might deal with?

Mr. DEKKER. Outside of Robert Vesco, who is not a government official, we have Mr. Ortega, Mr.—I'm sorry, the names are not—it's been a couple of years ago, and I don't have the notes; I've got some notes somewhere.

Senator HAWKINS. Tomas Borge?

Mr. DEKKER. Yes, the name is familiar.

Senator HAWKINS. The Minister of Interior.

Mr. DEKKER. Yes. He explained to me that the cabinet of Nicaragua was actually partitioned in two political parts. I always had the idea that he explained it as Maoist and Communist, and I have a good idea that he belonged to the more communist-socialistic section, I think.

Senator HAWKINS. Was he very influential?

Mr. DEKKER. Yes, very. Out of his ordering the Ambassador at 2 o'clock for lunch and the different phone calls which were made, I mean there was no doubt about it, his pull was great. Many of his trips were in connection with the different communistic organizations in Peru, Bolivia, which he explained.

Senator HAWKINS. Did you say Libya or Bolivia?

Mr. DEKKER. I don't know too much about Libya, only that there was—in the Cuba affair, there was $60-million foreign aid available.

Senator HAWKINS. What were the narcotics profits to be used for?

Mr. DEKKER. Purely for their interior problems. They had a large discrepancy of U.S. dollars. They wanted to—that is why the Brussels office would have been set up, all equipment—especially equipment, they were especially interested in NATO equipment, camping, hospitals, and they asked me if I could deliver on that. I said no problem.

Senator HAWKINS. You are telling me they wanted NATO equipment?

Mr. DEKKER. Right.

Senator HAWKINS. Like what, uniforms?

Mr. DEKKER. They were especially interested in field equipment.

Senator HAWKINS. Field equipment?

Mr. DEKKER. Field equipment, like hospital tents, field uniforms. At one time he asked me for guns, but I refused that and it was referred to somebody else, I think Mr. Herring.

Senator HAWKINS. Any weapons?

Mr. DEKKER. He asked me, I refused; I think that went to Mr. Herring.

Senator HAWKINS. What was Vesco's relationship to the Cuban Government, in your opinion?

Mr. DEKKER. At that moment, very strong. If it is still that way after all the disasters, I do not know.

Senator HAWKINS. What was Vesco's role in drug trafficking and smuggling?

Mr. DEKKER. Well, to be completely honest, the only direct connection—and that's a pretty strong connection—is that when I complained about the result of our dealings that he sent Mr. Frederico with the suggestion of cocaine.

Senator HAWKINS. We have heard statements made that this operation was really the work of a few corrupt Government officials rather than the work of the Government.

What is your opinion?

Mr. DEKKER. Completely doubtful, it's impossible.

Senator HAWKINS. So you are saying it's the Government, really the work of Government officials?

Mr. DEKKER. It is the total Government.

Senator HAWKINS. And the profits were to go to the Government?

Mr. DEKKER. It would be purely for Government work.

Senator HAWKINS. The Government provided the security?

Mr. DEKKER. The Government provided everything. I was offered the total shipping from Europe to Nicaragua for my company, and Mr. Vaughan could not do that on his own, I imagine.

Senator HAWKINS. And in your opinion there is direct linkage between Cuba and Nicaragua?

Mr. DEKKER. There definitely is. Frederico was just as much at home in Havana as in Managua.

Senator HAWKINS. We appreciate very much your testimony. Senator Pell, do you have any questions?

Senator PELL. No questions.

Senator HAWKINS. We appreciate very much your cooperation, Mr. Dekker, and probably will see you again sometimes.

Mr. DEKKER. I'm available.

Senator HAWKINS. You have nothing but time, right? [Laughter.]

Thank you very much, I appreciate your cooperation.

[Witness is escorted out.]

That concludes our hearing today. I believe the stories we've heard are shocking, the evidence is now before the American people: The Nicaraguan Government is in the drug business, it's in it in a big way, not just its people, but its leaders. At the least, their behavior shows contempt for a democratic neighbor. At the very worst, their activity is reprehensible; it results in misery and death for American youth and millions to fill the coffers of international terrorist organizations.

I believe we must study long and hard the information revealed here today. I view it as Government-sponsored murder. We heard of "the morality of death," and now we have heard it spelled out in detail.

The United States will not allow this wholesale attempt to destroy our society to continue.

[The Subcommittee adjourned at 12:24 p.m.]

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